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## Responding to Foreclosures in Cuyahoga County 2011 Evaluation Report

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# **Responding to Foreclosures in Cuyahoga County 2011 Evaluation Report**

**January 1, 2011  
Through  
December 31, 2011**



**Sixth Annual Report**

Prepared for:

**Cuyahoga County**

Prepared by:

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Development**

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## Table of Contents

Introduction	1
Methodology	2
Foreclosure Trends	3
The Cuyahoga County Foreclosure Prevention Program	8
Program Administration	8
Eligibility	9
Agencies	9
Foreclosure Prevention Counseling	9
Funding Sources	10
United Way Services First Call for Help “211”	13
Foreclosure Prevention Counseling Clients	14
Counseling Client Trends	19
Program and Client Outcomes	20
Rescue Funds (TANF and DTAC)	27
Community Foreclosure Prevention Outreach Workshops	29
Mediation Program	30
Foreclosure Mediation Support Program	33
Conclusion	36
Recommendation	37
Appendix	38

## List of Tables

Table 1.	Sources and Commitments of Funds, 2006-2011	11
Table 2.	Allocation of Funds, 2006-2011	12
Table 3.	Demographics of Clients Served, 2006-2011	16
Table 4.	Geographic Distribution of Clients	17
Table 5.	Geographic Distribution of Residential Foreclosure Filings and Agency Clients, 2011	18
Table 6.	Client Outcomes, All Agencies, March 2006 – February 2008	21
Table 7.	Client Outcomes, All Agencies, 2011	22
Table 8.	Foreclosure Counseling Clients, Loan Product Type, 2011	24
Table 9.	Foreclosure Counseling Clients, Loan Product Type, 2009-2011	24

Table 10.	Foreclosure Counseling Clients, Reason for Loan Default, 2011	25
Table 11.	Foreclosure Counseling Clients, Credit Score, 2011	26
Table 12.	Rescue Fund Summary and Average Loan Amounts	28
Table 13.	Cuyahoga County Foreclosure Mediation Program, January 2010-December 2011	31
Table 14.	Cuyahoga County Foreclosure Mediation Program, Settlement Ratio, January 2010-December 2011	32
Table 15.	Cuyahoga County Foreclosure Mediation Program Totals, June 2008-December 2011	33
Table 15.	Cuyahoga County Foreclosure Mediation Program, Settlement Ratio, June 2008-December 2011	33

### **Charts and Figures**

Map 1.	Residential Foreclosure Filings in Cuyahoga County, 2011	6
Chart 1.	Foreclosure Filings, Residential Properties, Cuyahoga County 2006 – 2011	7
Chart 2.	Call Volume, 211 First Call for Help	13
Chart 3.	Cuyahoga County Foreclosure Mediation Support Program Contact Outcomes, 2011	34
Chart 4.	Cuyahoga County Foreclosure Mediation Support Program Contact Geography, 2011	35

### INTRODUCTION

The foreclosure crisis hit Cuyahoga County earlier and harder than the rest of the nation. The crisis continues to weaken the County's already weak housing market, as evidenced by declining property values, increasing numbers of vacant and abandoned properties and the continuing high rates of foreclosure filings. In 1999, there were 4,900 residential foreclosure filings in Cuyahoga County. That number doubled to about 10,000 by 2005 and peaked in 2007 at close to 14,000. In 2011, the County had just over 11,000 residential foreclosure filings. In total, an estimated 68,000 homes in the County have been "touched" by foreclosure<sup>1</sup>. The cause of foreclosures has changed since 2006, when much of the crisis was caused by predatory lending that was targeted to predominantly African American homeowners. Today foreclosures are predominantly the result of unemployment and loss of income and touch all types of homeowners in every part of the County. Despite a myriad of federal and state programs designed to mitigate the impact of the crisis, including a brief moratorium, the devastating impact on homeowners and communities continues almost unabated. With an estimated 26,000 vacant parcels county-wide<sup>2</sup>, and thousands of homeowners losing their homes, the effects of the crisis on the County housing markets and tax base will be long lasting and far-reaching.

One strategy that does work is foreclosure prevention. Keeping people in their homes on the front end helps the homeowner, the neighborhood and the County while saving tax dollars that would otherwise have to be spent on code enforcement or cleaning up or tearing down the vacant and abandoned properties on the back end. In early 2006, Cuyahoga County became one of the first places in the nation to respond to the rapid increase in the number of foreclosure filings with a comprehensive foreclosure prevention initiative. The Cuyahoga County Foreclosure Prevention Program (CCFPP), which includes counseling and rescue funds to help struggling homeowners, continues to adapt to the rapidly changing nature of the crisis.

Local and national research has demonstrated that the centerpiece of this model program, foreclosure prevention counseling resulting in a loan modification, is an effective option in terms of helping homeowners stay in their homes. Housing stability benefits homeowners, neighborhoods, cities and the entire county.

Behind the foreclosure numbers are individual homeowners, many of whom have lost jobs. Through the County's foreclosure prevention program, they can get the assistance they need to stay in their homes. Every homeowner has a unique story, but this one is representative of the many who have lost jobs and are facing foreclosure:

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<sup>1</sup> This is an estimate done by the Center on Urban Poverty and Community Development at CWRU, February 14, 2012.

<sup>2</sup> Center on Urban Poverty and Community Development at CWRU, February 14, 2012.

In early 2011, the BW family found themselves unable to keep up with mortgage payments after Mrs. BW was laid off from her job and was out of work for several months. They received a foreclosure notice. The couple applied for the Cuyahoga County Court of Common Pleas foreclosure mediation program. When they finished their pre-mediation meeting at the County courthouse, they met with a foreclosure prevention counselor from the Home Repair Resource Center who was working on-site that day to assist homeowners. After several months of working with the family and their lender, the counselor was able to get them a loan modification. Their interest rate was reduced from 5% to 2%, which resulted in a \$200 monthly payment reduction. Today, Mrs. BW is back at work and the family is still in their home, raising their children in a stable environment.

### **METHODOLOGY**

In August 2006, the County was embarking on a new initiative to prevent foreclosures and entered into a contract with the Maxine Goodman Levin College of Urban Affairs, Cleveland State University to gather program data and measure results that would indicate whether the program was successful. Since that time, the CSU evaluation team has been gathering data to help the County:

- track progress
- understand the successes and barriers of the Initiative
- understand whether the program was accomplishing its goals and objectives
- improve and adapt the program going forward

They hoped that the County program would offer lessons for other cities and counties facing what may well be one of the most challenging urban issues of the Century. This report is the sixth annual report on the progress of the initiative and covers calendar year 2011.

The evaluation uses a continuous learning model, with feedback provided to the County on a regular basis to track progress and improve program operations. Because of the County's longstanding interest in program assessment and evaluation, there is now six years of data about foreclosure prevention activities in Cuyahoga County.

The information used in this report was drawn from the following sources:

1. Semi-annual face-to face-interviews with counseling agencies and county program staff.
2. Monthly county foreclosure counseling agency coordinating meetings.
3. Monthly reports of data on foreclosure counseling client demographics and outcomes provided by the agencies to the County Department of Development and the Treasurer's Office.

4. Data on foreclosures provided by the Northeast Ohio Data and Information Service of the Levin College, NEO CANDO at Case Western Reserve University, and the Federal Reserve Bank of Cleveland.
5. 211 First Call for Help documentation of calls and referrals by service type and agency, a description of their referral process, and definitions of the service categories used.
6. Data on the Foreclosure Mediation Support Program

Two important notes about the data:

1. From March 2006 to March 2008, client outcome data was gathered from agencies through a data request from the County Foreclosure Prevention Program office. This early data was not reported consistently across agencies and was limited in scope. With strong encouragement and support from the evaluation team, in 2008, all of the agencies adopted the common reporting format of the new National Foreclosure Mitigation Counseling (NFMC) program. Agencies used the NFMC reporting platform and the evaluators were able to collect much more consistent and detailed information electronically about the outcomes of the counseling. Thus, we have continuous, consistent client outcome information from March 2008 forward.
2. In 2009, the County requested that we switch the reports from a program year (March through February) to a calendar year (January through December). This change resulted in a two month overlap (January and February) in the 2009 program year.

Our work would not be possible without the full cooperation and assistance of the numerous County departments, the Court of Common Pleas mediation program and the participating counseling agencies. We especially wish to thank Paul Herdeg, Housing Manager, Department of Development; and Paul Bellamy, former Foreclosure Prevention Program manager, for their support.

### **FORECLOSURE TRENDS**

Six years after the foreclosure crisis hit, Cuyahoga County's communities are still feeling the negative impact. In 2011, the County had 11,645 new residential foreclosure filings, or 1 in every 37 homes. This represents a decline of about 2,000 filings from the peak in 2007. (see Chart 1) In 2008, for the first time, the number of foreclosure filings in the suburbs surpassed the number in the city of Cleveland and that trend has continued, although it seems to have slowed a bit in 2011. The number of foreclosure filings in the city of Cleveland declined from a peak of 7,300 in 2007 to 4,941 in 2011. In 2011, 58% of foreclosure filings in the County were in the suburbs, down slightly from 60% in 2010. Even as foreclosures now be found in every suburb of the county, they continue to be concentrated on the east side of Cleveland and the inner-ring eastern suburbs (61%) (see Map 1).

The crisis shows no signs of abating soon. Nationally, experts are predicting that while mortgage delinquencies may be down in 2011, the number of new problem loans – those loans seriously delinquent that were current six months prior – has not improved significantly in the last year. This degree of stagnation indicates that while the situation is not getting markedly worse, it is not improving either.<sup>3</sup>

Nationally, according to RealtyTrac, in 2011 both foreclosure activity and the foreclosure rate were at their lowest since 2007. However, experts warn that this is not a result of an economic or housing recovery. Rather, in 2011 foreclosures were being processed more slowly. Lenders began to re-evaluate their procedures amid charges of “robo signing” and other questionable practices that came to light in late 2010 and continued through much of 2011. These charges revealed a highly dysfunctional and inefficient foreclosure process. The lingering legal issues plaguing the foreclosure industry were not resolved in 2011. No agreement was reached on the 49 state attorneys general charges that banks used deceptive practices to accelerate foreclosures. (n.b. The case was settled in early 2012, with Ohio on track to receive \$57 million).

Also in 2011, the problem of “underwater” mortgages (mortgage amounts owed that are higher than the current market value of the home) became more widely recognized as an obstacle to mortgage modification and a contributing cause in an increasing number of foreclosures. “This situation prevents the homeowner from selling the home unless s/he has cash to pay the loss out of pocket. It also prevents the homeowner from refinancing in most cases. Thus, if the homeowner wants to sell the home because s/he can’t afford the mortgage payments anymore, perhaps because of a job loss, the home will fall into foreclosure unless the borrower is able to renegotiate the loan.”<sup>4</sup>

In practice, lenders have been unwilling to modify an underwater mortgage through principal reduction. Other options are also limited. But, a very small number of lenders and servicers, including Ocwen Financial Corporation (a servicer), began to offer principle write-downs as part of the modification package. The CCFPP worked with Ocwen and has become a vocal advocate for wider-spread adoption of this practice, joining a growing number of advocates at the national level.

In testimony before the Subcommittee on Housing, Transportation and Community Development of the Senate Committee on Banking, Housing and Urban Affairs in September of 2011, Laurie Goodman, an expert housing analyst with Amherst Securities Group told Congress that there were “many more distressed homes that will need to change hands over the next 5 – 6 years”, in large part due to the borrowers who are seriously underwater in their mortgages. Ms. Goodman argues that the extent to which a mortgage is underwater is the single best

<sup>3</sup> <http://www.calculatedriskblog.com>

<sup>4</sup> Investopedia, <http://www.investopedia.com/terms/u/underwater-mortgage.asp#axzz1qRCbaaz4>, March 28, 2012



indicator that the mortgage will go into default. She testified that if no policy changes are made, under 'reasonable' case assumptions, an additional 10.4 million borrowers, or 1 out of 5, are likely to default.<sup>5</sup> These numbers are startling given that since the crisis began nationally, some 2.5 million homes have been lost to foreclosure. Ms. Goodman estimates the number of foreclosures still to come is 4 times the amount thus far.

Declining housing prices and underwater mortgages, along with what some predict will be a cascade of additional foreclosures resulting from clearing of the backlog in processing, will further strain a fragile housing market. This is a cycle that feeds on itself and produces what some call a 'death spiral'. Homeowners with underwater mortgages are unable to take advantage of all-time-low interest rates to refinance their homes because they cannot make up the difference in the equity lost by the depressed prices. Homeowners who find themselves in trouble because of loss or reduction in income or other financial hardship and find that they can't make their monthly mortgage payment have no place to turn. They can't refinance or sell their homes. More foreclosures result, which drag down the value of homes nearby, increasing the likelihood that neighboring homeowners will fall underwater and perpetuate the downward spiral. Nationally, home prices are expected to continue falling at least through 2012.

The foreclosure crisis in Northeast Ohio reflects these national trends. But the impact is much longer lasting. Because of the weak housing market, when homes in Cuyahoga County are foreclosed, they are more likely to become vacant and abandoned than they are in other parts of the country. The County lost an estimated 11,200 housing units between 2006 and 2011. And as noted above, an estimated 26,000 homes are vacant and abandoned. The problem in Northeast Ohio is characteristic of a weak housing market compounded by the stagnant economy. While no one can predict the future, by all accounts, the foreclosure crisis in Cuyahoga County is likely to continue at least until 2015 as the backlog moves through the pipeline.

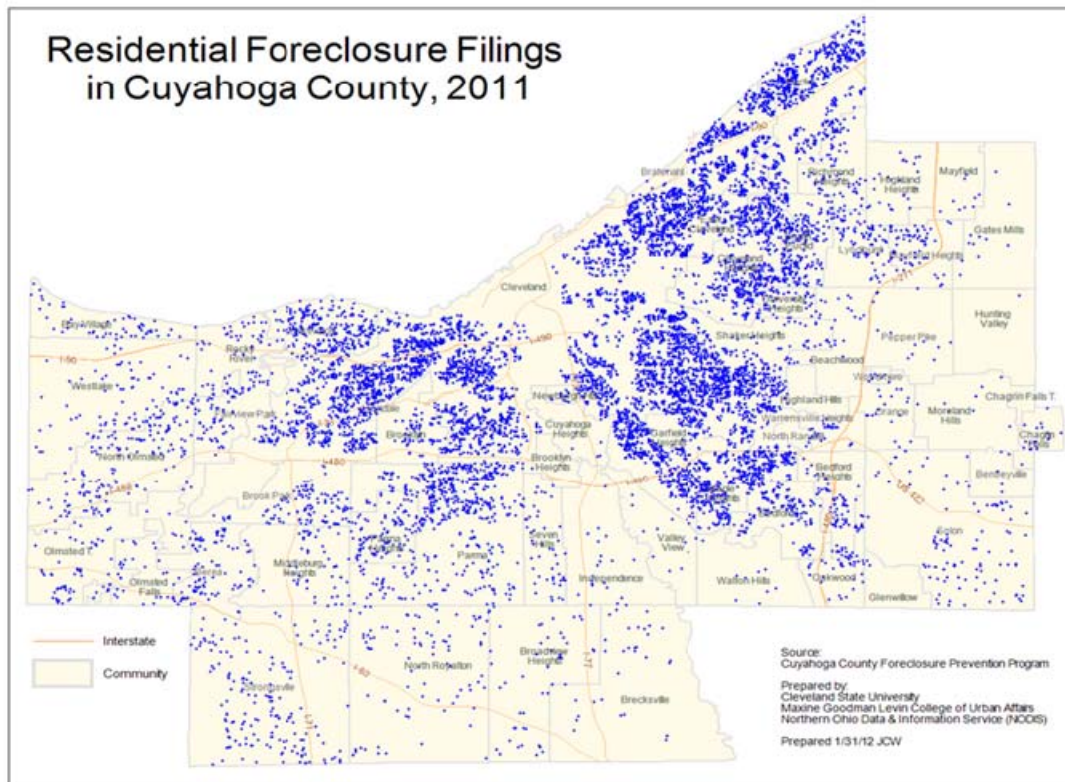
The problem is exacerbated by the recession and loss of jobs. While the recession officially ended, there has been little recovery in the housing market. Further compounding the problem, the labor market remains strained, with experts predicting a long way to go before jobs recover. Ohio ended 2011 with an unemployment rate of 8.1%, down from 9.5% in December of 2010.<sup>6</sup> For Ohio, the unemployment picture was only slightly better than for the nation. The U.S. unemployment rate for December 2011 was 8.5 percent. Both numbers are still painfully high with officials remaining cautious about any economic rebound.

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<sup>5</sup> 9/20/2011 Testimony of Laurie S. Goodman, Amherst Securities Group to the Subcommittee on Housing, Transportation and Community Development of the Senate Committee on Banking, Housing and Urban Affairs. Topic – New Ideas to Address the Glut of Foreclosed Properties.

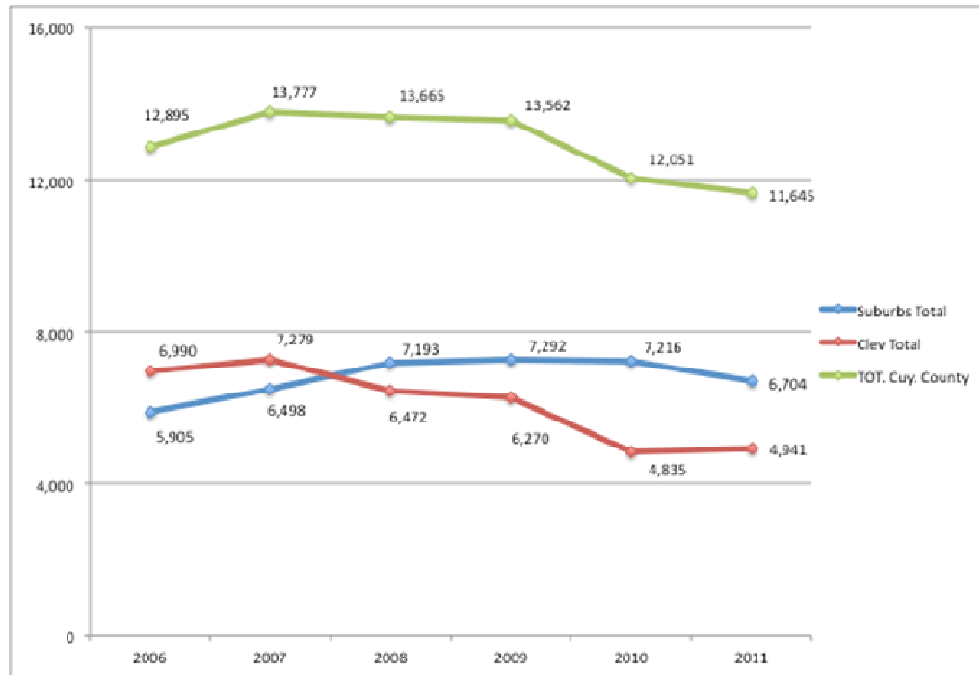
<sup>6</sup> [www.bls.gov](http://www.bls.gov)

Map 1: RESIDENTIAL FORECLOSURE FILINGS IN CUYAHOGA COUNTY, 2011



As foreclosures shift outward from the City and the reason for foreclosure shifts from “bad” loans to loss of job or income, the County foreclosure prevention program has expanded its efforts to reach suburban homeowners at risk of foreclosure.

**CHART 1: FORECLOSURE FILINGS, RESIDENTIAL PROPERTIES, CUYAHOGA COUNTY 2006 - 2011**



<b>CUYAHOGA COUNTY FORECLOSURE PREVENTION PROGRAM 2011</b>
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The objectives of the Cuyahoga County Foreclosure Prevention program have changed since the program started in 2006 in response to changing needs. The objectives for 2011 were to:

1. Coordinate outreach to homeowners in Cuyahoga County and connect them to foreclosure counseling and/or court mediation resources.
2. Raise and distribute funding and other resources to partner counseling agencies.
3. Administer rescue loans to provide one-time assistance to homeowners who have difficulty paying their mortgages.
4. Conduct research on and provide publicly available information concerning the nature and scope of the evolving foreclosure crisis.
5. Advocate for and support legislative initiatives at the state and federal level that better address the local foreclosure crisis.

### **PROGRAM ADMINISTRATION**

Prior to 2008, the program had a dual administrative structure with the Treasurer's Office and the Department of Development both having responsibility over different aspects of the program, as described in previous reports. From 2008-2010, the program was housed and administered in the offices of County Treasurer. In 2011, a new form of County government took effect following passage of a new charter in November 2010. The new charter called for the election of a County Executive and County Council. Other, previously elected offices, including that of the Treasurer, became appointed positions.

Under the new organization, the program administration remained in the treasurer's office during 2011. That office now falls under the County's fiscal officer. The County's Department of Development continued to provide funding from its Community Development Block Grant funds for counseling services to clients in the "urban county."<sup>7</sup> It also ensures compliance with County and Federal funding rules. This compliance is ensured through annual monitoring.

In 2011, the program had one full-time staff person, Paul Bellamy, located in the treasurer's office as noted above. The office works closely with the counseling agencies, serves as convener of the agencies monthly meetings, coordinates the counseling plus mediation program with the court, administers the rescue fund dollars, monitors state and federal legislation and advocates for issues that impact the industry.

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<sup>7</sup> The Cuyahoga County Department of Development serves as the entitlement agency for 51 of the smaller suburban communities. As the entitlement agency for these communities, the County is responsible for administering federal Community Development Block Grant funds and HOME funds. The six larger cities located in Cuyahoga County - Cleveland, Cleveland Heights, East Cleveland, Euclid, Lakewood and Parma - are also considered entitlements, and are responsible for administering and distributing their direct allocation of these funds on behalf of their residents.

Community partners include both funding partners (local banks, corporations and foundations) and service delivery partners (United Way Services 211 First Call for Help, Cleveland Housing Network (CHN), Community Housing Solutions (CHS), Empowering and Strengthening Ohio's People (ESOP), Housing Services of Greater Cleveland (NHSGC), the Home Repair Resource Center (HRRC) in Cleveland Heights and Legal Aid Society of Greater Cleveland.

**Eligibility.** County residents are eligible to receive counseling and legal services through the County Foreclosure Prevention Program provided the property in question is the principal residence, the resident has the means to meet monthly obligations going forward, and the resident wants to stay in the home. Clients who do not meet these eligibility requirements are referred to other assistance programs.

**Agencies.** In 2011 the County funded five nonprofit agencies to do foreclosure prevention counseling: Community Housing Services (CHS), Empowering and Strengthening Ohio's People (ESOP), Cleveland Housing Network (CHN), Neighborhood Housing Services of Greater Cleveland (NHSGC), the Home Repair Resource Center (HRRC) in Cleveland Heights and United Way Services First Call for Help "211." In addition, the program funded the Legal Aid Society of Cleveland to provide legal support services. The HRRC was added in 2010 as a way of reaching more suburban homeowners at risk of foreclosure.

**Foreclosure Prevention Counseling.** The hallmark of the County's Foreclosure Prevention program continues to be face to face counseling. All of the agencies are HUD certified housing counseling agencies and most of them provide a range of other programs aimed at successful homeownership and/or budget counseling. Homeowners at risk of foreclosure can request services through a variety of methods, including United Way's 211 First Call for Help, the regional resource and referral network, which has been an integral part of the program since its inception.

Agencies are continuously adapting their intake and counseling processes to meet changing needs. For example, NHSGC added the option of a web portal as one option for accessing services. Generally, though, clients attend an intake session in person. Some agencies also use group intake sessions at which they see about 10-25 clients per session. Agencies use these sessions to explain the foreclosure process, give clients a checklist of paperwork needed, and identify the various funding sources that may be available.

In an effort to reach more at-risk homeowners prior to any foreclosure filing (including those with mortgages with adjustable rates that were scheduled to increase) the County organized 42 outreach workshops from 2009-2010. Agency counseling staff attended these workshops, conducted initial consultation and if needed conducted intake and scheduled follow-up appointments. All agencies, including 211 First Call for Help and Legal Aid Society of Cleveland participated in the workshops which were held in city and suburban locations throughout the county. Although the workshops reached 1,227 homeowners during that period, in August 2010 they were put on hold.

A benefit of collaborating over the six years of the program is that the participating agencies work well as a “system.” They draw on one another’s strengths and capabilities and refer clients accordingly. For example, NHSGC is part of the National NeighborWorks network and it administers a range of related programs including, in the past, having access to limited rescue fund loans. Until the program ended in 2011, it administered the Ohio Home Rescue Fund, a statewide initiative that was part of the NeighborWorks Collaborative of Ohio.

ESOP uses its strength in community organizing to negotiate “agreements” with lenders and loan servicers. In some cases, this “agreement” effectively halts foreclosure proceedings upon receipt by the lender or servicer of an ESOP “Hot Spot Card,” a specially designed intake form that includes all of the information needed by the lenders and servicers and facilitates “workout” agreements.

With the County CCFPP office serving as the “backbone support” organization, providing staff, funding and the skills needed to bring all the groups together, the system functions as a model of “Collective Impact.” The evaluation provides the shared measurement system necessary to make this model work; measuring results consistently across all participants.<sup>8</sup>

**Funding Sources.** The County has drawn on a number of funding sources over the life of the Foreclosure Prevention Program including County General Funds, Community Development Block Grant Funds and grants and donations from banks, corporations and foundations and special funds (see Table 1). It is important to note that County General Funds comprised 24% of total program funds between 2006 and 2009, not including rescue funds (\$2.8 million), but were not available beyond June 30, 2009. In 2009 and 2010 the County Foreclosure Prevention Program office (CCFPP) was able to raise funds from foundations, banks and other sources to replace some of the lost County General Funds. Fundraising was put on hold in 2011. In addition, the County allocates a portion of its Community Development Block Grant dollars to support foreclosure prevention counseling for clients living in the ‘Urban County,’ e.g. those cities in the County that are not direct entitlement cities.

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<sup>8</sup> For more information about Collective Impact see Hanleybrown, F. et. al. “Channeling Change: Making Collective Impact Work,” *Stanford Social Innovation Review*, 2012.

**TABLE 1: SOURCES OF FUNDS, MARCH 2006-DECEMBER 2011**

Sources of Funds for Foreclosure Prevention Program March 2006-December 2010							
Funds Source	Year 1 Commitments	Year 2 Commitments	Year 3 Commitments	Year 4 Commitments	Year 5 Commitments	Year 6 Commitments	Total Program Commitments
<b>Community</b>							
Neighborhood Progress, Inc.*	\$37,500	\$30,000					\$67,500
National City	\$50,000	\$25,000					\$75,000
PNC Foundation					\$47,500		\$47,500
Key	\$50,000	\$50,000	\$25,000	\$25,000	\$25,000	\$20,000	\$195,000
Freddie Mac	\$50,000	\$50,000					\$100,000
Fannie Mae			\$25,000				\$25,000
Miller Foundation	\$50,000						\$50,000
Chase	\$7,500	\$0					\$7,500
Ohio Savings/AmTrust	\$25,000	\$25,000					\$50,000
US Bank	\$10,000	\$0					\$10,000
Dominion Foundation			\$50,000				\$50,000
First Energy			\$10,000				\$10,000
Nord Family Foundation			\$50,000				\$50,000
Safeguard Properties			\$52,500	\$73,550	\$50,000		\$176,050
David S. Stein Foundation				\$1,000			\$1,000
Dollar Bank Foundation				\$12,500	\$12,500		\$25,000
Third Federal Foundaion				\$50,000			\$50,000
First Merit Bank, NA				\$500			\$500
Ocwen Loan Servicing					\$5,000		
Eaton Charitable Fund					\$10,000		
St. Lukes Foundation					\$50,000		
The Cleveland Foundation				\$125,000	\$125,000		\$250,000
<b>Subtotal</b>	<b>\$280,000</b>	<b>\$180,000</b>	<b>\$212,500</b>	<b>\$287,550</b>	<b>\$325,000</b>	<b>\$20,000</b>	<b>\$1,240,050</b>
<b>County</b>							
General Fund	\$172,500	\$200,000	\$200,000				\$572,500
CDBG	\$100,000	\$100,000	\$0	\$250,000	\$156,536	\$93,464	\$700,000
TANF	\$400,000	\$0	\$0				\$400,000
DTAC	\$0	\$1,500,000	\$1,300,000		\$230,000		\$3,030,000
<b>Subtotal</b>	<b>\$672,500</b>	<b>\$1,800,000</b>	<b>\$1,500,000</b>	<b>\$250,000</b>	<b>\$386,536</b>	<b>\$93,464</b>	<b>\$4,702,500</b>
<b>Total</b>	<b>\$952,500</b>	<b>\$1,980,000</b>	<b>\$1,712,500</b>	<b>\$537,550</b>	<b>\$711,536</b>	<b>\$113,464</b>	<b>\$5,894,086</b>

As Table 1 summarizes, a total of \$5.9 million over six years from various sources has been committed, to date, to support the County's Foreclosure Prevention activities. However, the funding was greatly reduced in 2011, with only a small grant and a small portion of the \$250,000 2010-2011 allocation of CDBG funds was spent in first six months of 2011. For 2012, an additional \$250,000 in CDBG funds was allocated for counseling.



TABLE 2: ALLOCATION OF FUNDS, MARCH 2006-DECEMBER 2011

Allocation of Funds, Foreclosure Prevention Program (March 2006-December 2011)											
	First Contract - PY 1	Supplemental TANF Awards	Subtotal, PY 1	Second Contract - PY 2	Supplemental DTAC Funds	Subtotal, PY 2	Third Contract- PY 3	Fourth Contract	Fifth Contract	2011	Total
<b>Counseling and Legal Services Agencies</b>											
Community Housing Solutions	\$50,000	\$75,000	\$125,000	\$30,000	\$12,500	\$42,500	\$87,000	\$91,000	\$76,072	\$61,450	\$650,522
ESOP	\$50,000	\$75,000	\$125,000	\$100,000	\$12,500	\$112,500	\$148,000	\$110,000	\$92,168	\$69,550	\$894,718
Cleveland Housing Network	\$12,500	\$50,000	\$62,500	\$60,000	\$12,500	\$72,500	\$75,000	\$85,000	\$64,588	\$52,050	\$546,638
Neighborhood Housing Services of Greater Cleveland	\$12,500	\$75,000	\$87,500	\$100,000	\$12,500	\$112,500	\$100,000	\$97,500	\$80,088	\$57,650	\$735,238
Home Repair and Resource Center									\$17,500	\$12,300	\$17,500
FC Mediation Support Prog.										\$37,128	
Housing Advocates								\$15,000	\$15,000		\$30,000
Cleveland Legal Aid Society	\$75,000	\$0	\$75,000	\$10,000	\$0	\$10,000	\$0	\$0			\$85,000
Cleveland Consumer Credit Counseling Services	\$12,500	\$0	\$12,500	\$0	\$0	\$0	\$0	\$0			\$12,500
Spanish American Committee	\$20,000	\$50,000	\$70,000	\$0	\$0	\$0	\$0	\$0			\$70,000
Consumer Protection Association	\$20,000	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0			\$20,000
<b>Subtotal</b>	<b>\$252,500</b>	<b>\$325,000</b>	<b>\$597,500</b>	<b>\$300,000</b>	<b>\$50,000</b>	<b>\$350,000</b>	<b>\$410,000</b>	<b>\$398,500</b>	<b>\$345,416</b>	<b>\$290,128</b>	<b>\$2,391,544</b>
<b>Operating and Program Expenses</b>											
Foreclosure Prevention Prog	\$267,000		\$267,000	\$292,400		\$292,400	\$250,000	\$160,000	\$230,000	\$132,480	\$1,331,880
Rescue Funds		\$75,000	\$75,000	\$176,873		\$176,873	\$695,842	\$178,262	\$100,408	\$376,457	\$1,602,841
Other Expenses	\$9,606		\$9,606						\$40,883	\$11,850	\$62,339
211 First Call for Help				\$15,000		\$15,000	\$15,000	\$10,000	\$20,000		\$60,000
<b>Subtotal</b>	<b>\$276,606</b>	<b>\$75,000</b>	<b>\$351,606</b>	<b>\$484,273</b>	<b>\$0</b>	<b>\$484,273</b>	<b>\$960,842</b>	<b>\$348,262</b>	<b>\$391,291</b>	<b>\$520,787</b>	<b>\$3,057,061</b>
<b>TOTAL</b>	<b>\$529,106</b>	<b>\$400,000</b>	<b>\$949,106</b>	<b>\$784,273</b>	<b>\$50,000</b>	<b>\$834,273</b>	<b>\$1,370,842</b>	<b>\$746,762</b>	<b>\$736,707</b>	<b>\$810,915</b>	<b>\$5,448,605</b>

As Table 2 illustrates, in 2011, although only \$113,464 was allocated for the program the CCFPP was able to disburse \$290,128 to the agencies for counseling programs (including the foreclosure mediation support program), drawing on unspent philanthropic funds from 2010. In addition, the County issued \$376,457 in rescue loans, funded through carryover in the DTAC monies.



## PROGRAM COMPONENTS

### 211 FIRST CALL FOR HELP



Since the program began in March 2006, United Way's 211 First Call for Help has served as the primary point of contact for County residents seeking foreclosure assistance. From March 2006 through December 2011 "211" received 23,056 calls for foreclosure prevention assistance.

**CHART 2: 211 First Call for Help Call Volume**



Source: United Way of Greater Cleveland, 211 First Call for Help

In 2011, "First Call for Help" received 3,047 calls for foreclosure assistance. As Chart 2 illustrates, the call volume has ranged between 3,000-4,000 calls per year. The exception was 2007, when the number of calls peaked at 5,503. This was largely the result of the announcement of the rescue funds in August 2007 which resulted in 1,481 calls for that month alone, mostly from people seeking rescue funds.

At the close of 2010, 211 and housing counseling agencies, with the support of the CCFPP, tweaked the referral system to make it easier for homeowners to access counseling assistance. Prior to that time, 211 had routinely provided callers seeking assistance with referrals to as many as three different housing counseling agencies. It was then left up to the homeowner to follow up with one or more of the referrals. Under the changes implemented in 2011, 211 began making a single referral to a housing counseling agency. Each agency identified a ‘point person’. The homeowner received this contact person’s name as part of the referral. The agency then received an email from 211 with the name of the caller and contact information provided at the time of the referral. If, for whatever reason the homeowner failed to contact the agency, agency housing counselors were able to follow up with the caller and begin the counseling process. While this system of referral is more time and resource intensive for both 211 and the housing counseling agencies, it provides homeowners with better service. Agencies also report that they feel that they have a better understanding of who and how many callers to 211 get referred to their agency and have more control in reaching out to homeowners who may need some follow up after a referral is made.

It is important to note that in addition to the “211” calls, there are several other entry points to the system for homeowners needing assistance. Agencies are taking an increasing number of referrals from the growing number of state and federal toll free numbers (such as Ohio’s Save the Dream program, Hope for Homeowners, the National Foreclosure Mitigation Counseling Program and the Ohio Hardest Hit Fund). Further, some clients call the agencies directly. Word-of-mouth referrals make up the greatest single source of new clients.

### **FORECLOSURE PREVENTION COUNSELING CLIENTS**

From March 2006 through December 31, 2011, the participating agencies have served a total of 15,889 clients. The number of clients peaked in 2011 at 4,824.

Many factors outside of the control of the counseling agencies impact the number of clients seeking assistance both positively and negatively. For example, calls for assistance tend to increase immediately after announcements of the availability of funds to help with mortgage payments. As noted above, the first such increase came in August 2007 when the County announced that rescue funds were available. The second surge came in September 2010 when the state announced that up to \$15,000 in “Hardest Hit Funds” would be available to help unemployed homeowners facing foreclosure make their mortgage payments. Other factors impacting the number of clients seeking assistance include:

- A national moratorium on foreclosures in January and February 2009
- The Making Home Affordable Modification Program (HAMP) and a growing inventory of delinquent and foreclosed properties has fueled a reluctance on the part of banks and servicers to initiate and/or follow through on foreclosure filings
- Other loan servicer and investor related factors

- Reluctance on the part of banks and servicers to negotiate workouts<sup>9</sup>
- Growing involvement by the bar in representing homeowners, usually suburban homeowners, in foreclosure cases.

### **Demographic Characteristics**

The following discussion describes the demographic characteristics of homeowners seeking foreclosure assistance and where they live.

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<sup>9</sup> For an excellent discussion of this, see Manuel Adelino, Kristopher Gerardi and Paul S. Willen, “Why Don’t Lenders Renegotiate More Home Mortgages? Re-defaults, Self-Cures, and Securitization,” Public Policy Discussion Paper, The Federal Reserve Bank of Boston, July 6, 2009.

## RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 3: DEMOGRAPHICS OF CLIENTS SERVED, 2006 - 2011

	PY1 (Mar 06-Feb07)		PY2(Mar07-Feb08)		2008		2009		2010		2011		Total	
RACE	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	187	18%	464	17%	239	24%	514	29%	1357	33%	1569	33%	3679	448%
African American	835	79%	2079	76%	646	65%	977	54%	2437	59%	2672	55%	6732	819%
African American & White	2	0%	38	1%	13	1%	23	1%	13	0%	16	0%	65	8%
American Indian/Alaskan	2	0%	6	0%	2	0%	15	1%	6	0%	5	0%	28	3%
American Indian & White	0	0%	29	1%	2	0%	0	0%	3	0%	4	0%	9	1%
American Indian & Black	0	0%	0	0%	0	0%	0	0%	0	0%	5	0%	5	1%
Asian	2	4%	3	0%	0	0%	196	11%	31	1%	28	1%	255	31%
Asian & White	0	0%	45	2%	0	0%	0	0%	2	0%	5	0%	7	1%
Native Hawaiian/Other Pacific Islander	0	0%	0	0%	74	7%	0	0%	0	0%	6	0%	80	10%
Other	4	0%	30	1%	24	2%	71	4%	139	3%	174	4%	408	50%
None Reported	26	2%	26	1%	1	0%	5	0%	136	3%	340	7%	482	59%
<b>Total</b>	<b>1058</b>	<b>100%</b>	<b>2720</b>	<b>100%</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>1429%</b>
ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hispanic	45	4%	74	3%	44	4%	78	4%	513	12%	187	4%	822	100%
Not Hispanic	845	80%	2399	88%	947	95%	1573	87%	1968	48%	4289	89%	8777	1068%
None Reported	168	16%	247	9%	10	1%	150	8%	1643	40%	348	7%	2151	262%
<b>Total</b>	<b>1058</b>	<b>100%</b>	<b>2720</b>	<b>100%</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>1429%</b>
GENDER	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	693	66%	1723	63%	681	68%	1116	62%	2422	59%	2760	57%	6979	849%
Male	330	31%	880	32%	320	32%	685	38%	1693	41%	1794	37%	4492	546%
None Reported	35	3%	117	4%	0	0%	0	0%	9	0%	270	6%	279	34%
<b>Total</b>	<b>1058</b>	<b>100%</b>	<b>2720</b>	<b>100%</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>1429%</b>
HOUSEHOLD COMPOSITION	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Single Adult	NA	0%	NA	0%	244	24%	349	19%	451	11%	539	11%	1583	193%
Female-headed Single	457	43%	1127	41%	277	28%	296	16%	463	11%	306	6%	1342	163%
Male-headed Single	NA	0%	NA	0%	50	5%	53	3%	70	2%	47	1%	220	27%
Married with no dependents	NA	0%	NA	0%	71	7%	152	8%	202	5%	187	6%	612	74%
Married with dependents	NA	0%	NA	0%	195	19%	288	16%	399	10%	302	4%	1184	144%
Two or more unrelated	NA	0%	NA	0%	31	3%	42	2%	56	1%	69	1%	198	24%
Other	NA	0%	NA	0%	39	4%	37	2%	50	1%	18	0%	144	18%
None Reported	601	57%	1593	59%	94	9%	584	32%	2433	59%	2054	43%	5165	628%
Head of HouseHold no sex specified	NA	0%			0	0%	0	0%	0	0%	1302	27%	1302	158%
<b>Total</b>	<b>1058</b>	<b>100%</b>	<b>2720</b>	<b>100%</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>1429%</b>
AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
62 and over	76	7%	256	9%	108	11%	201	11%	495	12%	493	10%	1297	11%
Under 62	979	92%	2209	81%	865	86%	1318	73%	2764	67%	2644	55%	7591	65%
None Reported	3	1%	255	9%	28	3%	282	16%	865	21%	1687	35%	2862	24%
<b>Total</b>	<b>1058</b>	<b>100%</b>	<b>2720</b>	<b>100%</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>100%</b>
INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 50% of AMI	338	32%	1116	41%	466	47%	812	45%	1924	47%	2062	43%	5264	640%
50-79% of AMI	444	42%	852	31%	304	30%	479	27%	1168	28%	1351	28%	3302	402%
80-100% of AMI	155	14%	536	20%	134	13%	201	11%	570	14%	841	17%	1746	212%
Greater than 100% of AMI	0	0%	0	0%	93	9%	205	11%	454	11%	299	6%	1051	128%
None Reported	121	11%	216	8%	4	0%	104	6%	8	0%	271	6%	387	47%
<b>Total</b>	<b>1058</b>	<b>100%</b>	<b>2720</b>	<b>100%</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>1429%</b>

\* Data reported for 2008 in the above table is from March 1 - December 31, 2008. Data collection with NFMC reportable fields began in March 2008.



## Highlights of Demographic Profile for 2011:

- The majority of clients seen by the agencies continue to be female, although the percentage has declined from 67% in the first program year (March 2006 to February 2007) to 57% in 2011.
- The percentage of clients that is African American declined by 25% from 81% in PY1 to 55% in 2011. The percent Hispanic has consistently been small (between 4 and 7 percent) although it increased in 2010 to a high of 12%.
- The percentage of clients age 62 or older is small but has increasing slightly from 7% in the first year of the program to 11% in 2011.
- The percentage of clients with incomes below 50% of Area Median Income (AMI) continue to comprise almost half of the clients, although the percentage decreased slightly from 47% in 2009 to 45% in 2011.

For a breakdown of client demographics by agency, see Appendix A

**TABLE 4: GEOGRAPHIC DISTRIBUTION OF CLIENTS, 2009 - 2011**

	2009		2010		2011		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Cleveland	912	51%	1,904	46%	2,083	43%	4,899	45%
First Suburbs	681	38%	1,597	39%	1,862	39%	4,140	39%
Rest of County	165	9%	611	15%	703	14%	1,479	14%
None Reported	43	2%	12	0%	176	4%	188	2%
<b>Total</b>	<b>1,801</b>	<b>100%</b>	<b>4,124</b>	<b>100%</b>	<b>4,824</b>	<b>100%</b>	<b>10,749</b>	<b>100%</b>

Looking across all agencies, Table 4 shows that the percentage of clients from Cleveland continues to decline. (It is important to note that the member communities that comprise the First Suburbs has changed since 2006 so we are not able to talk about trends other than city of Cleveland and County as a whole.<sup>10</sup>)

<sup>10</sup> First suburbs include: Bedford, Bedford Hts., Berea, Brooklyn, Brooklyn Heights, Brook Park, Cleveland Hts., East Cleveland, Euclid, Fairview Park, Garfield Hts., Lakewood, Parma, Maple Hts., Parma Heights, Shaker Hts., South Euclid, University Hts., Warrensville Hts.

**TABLE 5: GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL FORECLOSURE FILINGS AND AGENCY CLIENTS, 2011**

Area	Foreclosure Filings		Agency Clients	
	Number	Percent	Number	Percent
Cleveland	4,941	42%	2,083	43%
Euclid	694	6%	350	7%
Parma	536	5%	199	4%
Cleveland Heights	499	4%	169	3%
Maple Heights	455	4%	265	6%
Garfield Heights	442	4%	246	5%
Lakewood	340	3%	105	2%
South Euclid	317	3%	138	3%
Shaker Heights	305	3%	71	1%
East Cleveland	246	2%	85	2%
Strongsville	200	2%	48	1%
North Olmsted	184	1%	57	1%
Bedford	177	1%	79	2%
Rest of County	2,309	20%	753	16%
None Reported	-	-	176	4%
<b>Total</b>	<b>11,645</b>	<b>100%</b>	<b>4,824</b>	<b>100%</b>

\* does not include residential vacant land

Table 5 illustrates that the geographic distribution of agency clients closely tracks the geographic distribution of residential foreclosure filings. While not a perfect correlation, it is an indicator that the off-site counseling in suburban locations such as Lakewood, S. Euclid, and Parma on a periodic basis was an effective way of reaching suburban residents facing foreclosure. Another effective strategy for reaching the suburban population is special outreach in partnership with suburban mayors.

**COUNSELING CLIENT TRENDS**

To understand the industry trends that may be impacting homeowners, the evaluation team conducts face to face interviews with staff of each of the five counseling agencies as well as with 211 First Call for Help two times during each program year.

Based on information gathered from these interviews we were able to identify a number of trends that impact homeowners seeking foreclosure prevention counseling:

- The economy. Through all of 2011, economic conditions continued driving many of the problems facing homeowners. Job loss or loss of income remains the number-one reason people seek assistance. For the fourth consecutive year this has been the most persistent and consistent challenge agencies are reporting. The effects of the recession have resulted in clients who are more difficult to assist. Agencies are unable to keep individuals in their homes in cases where there is no job or income to support the loan modification.
- Underwater mortgages. Agencies continue to report that “almost everyone” they see has negative equity in their homes. While there are a number of homeowners seeking assistance from the agencies that refinanced their homes a few years ago at the peak of the market, falling home prices across the board and other complexities of the economic recession have contributed the most to this problem. Most experts predict that home prices will continue to fall throughout 2012, impacting more and more homeowners.
- Housing troubles continue to spread in the suburbs. For yet another year, the number of clients from suburban Cuyahoga County increased. All agencies reported seeing more clients from the suburbs, including those in the outer ring of the County.
- It takes a long time to get a resolution for homeowners and many remain in the counseling process for lengthy periods of time. Agencies report that it takes a great deal more time to attain a resolution for homeowners than in the past. This is especially true for agencies seeking assistance for their clients through the recently created Restoring Stability program through the Hardest Hit Fund initiative.
- HAMP modifications are not always sustainable. If homeowners meet the initial program qualifications, such as having a Fannie Mae or Freddie Mac loan, the Making Home Affordable Modification Program (HAMP) is generally the first avenue agencies pursue in seeking a resolution for homeowners. But agencies can often negotiate more sustainable modifications for the homeowner outside of HAMP.
- Short-Payoffs have increased. While still rare, agencies report increasingly that they are looking into securing a short-payoff for homeowners and that lenders seem to be more willing to consider this as an option.



**PROGRAM AND CLIENT OUTCOMES**

The face-to-face, individualized approach to foreclosure prevention used by all five CCFPP agencies, combined with ESOP's action-based organizing, is a proven means of guiding homeowners through the prevention process. All the agencies focus on finding a solution for the individual homeowner that will foster sustainable, long-term homeownership. But a range of possible solutions is considered; from refinancing the mortgage loan to negotiating workouts with a servicer, to advising the homeowner to sell, if appropriate.

From the outset, the evaluation focused on reaching successful outcomes for the homeowners. However, the definition of a "successful" outcome has changed over the life of the program. From 2006 through early 2008, success was defined as keeping the homeowner in the home. Partner agencies were asked by the County Treasurer's office to keep track of and report on four data points: the number of calls they received from "211 First Call for Help", the number of appointments kept by callers, the number of foreclosures averted, and the number of loan workouts negotiated. (See Table x)

It is important to note that in the first two years of the program data was collected from each agency for two separate departments within the County, the Department of Development and the Cuyahoga County Foreclosure Prevention Program, located in the Treasurer's office. The Department of Development, which managed the program funding, collected data for reimbursement and contract performance purposes. To request reimbursement, agencies submitted a County form and a HUD-9902 form each month to the County Department of Development. They reported on client numbers, demographics and the services that were provided. In addition, the Treasurer's office made an annual data request about outcomes, as described above. (Table 6)

As the crisis continued however, it garnered more federal attention and in December of 2007 the National Foreclosure Mitigation Counseling Program (NFMC) was launched after Congress appropriated \$180 million under the Neighborhood Reinvestment Corporation Act, 42 U.S.C 8101-8107 to support the expansion of foreclosure intervention counseling in the wake of the foreclosure crisis. The NFMC program imposed a standard reporting system on participating counseling agencies to report client-level data. In March 2008, all of the agencies agreed to use a format similar to NFMC to report monthly outcome data to the County. This new method of reporting permitted the evaluators to look at a full range of outcome data (Table 7).

At the same time, the program's objectives evolved, and the definition of success expanded slightly. Housing counselors and other agency staff, as well as the staff of the CCFPP felt that where possible, keeping people in their homes was of great importance, however it was not the best outcome for every client. The ability of the homeowner to avoid foreclosure through other outcomes, such as selling the home, was added to the list of "successful counseling outcomes." This includes "deed in lieu", short sale, or some other sale. In cases where homeowners cannot keep their homes, the agencies can help them relocate.

The more detailed data that is now collected enables better decision making about what is happening with foreclosures in Cuyahoga County. It gives the County the ability to link the front-line efforts of the counseling agencies with foreclosure prevention strategies and targeted responses.

**TABLE 6: CLIENT OUTCOMES ALL AGENCIES, March 2006 - February 2008**

	Year 1		Year 2		Total	
	March 2006-February 2007		March 2007 - February 2008		March 2006 - February 2008	
	Number	Percent	Number	Percent	Number	Percent
Calls from UWFCFH	3341	-	6118	-	9459	-
<b>Appts Kept</b>	<b>1230</b>	<b>100%</b>	<b>3081</b>	<b>100%</b>	<b>4311</b>	<b>100%</b>
FC Averted	495	40%	1756	57%	2251	52%
- Loan Workouts	203	16%	1294	42%	1497	35%
Unable to assist	361	29%	883	28%	1244	28%

## RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

**TABLE 7: CLIENT OUTCOMES ALL AGENCIES, 2008 - 2011**

	2008**		2009		2010		2011		Total	
SUCCESSFUL OUTCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>MORTGAGE MODIFIED</b>										
Brought Mortgage Current	180	18%	129	8%	177	8%	359	12%	845	12%
Mortgage Refinanced	9	1%	9	1%	6	0%	4	0%	28	0%
Mortgage Modified	247	25%	424	26%	478	22%	558	19%	1707	25%
Referred Homeowner to Servicer with Action Plan and No Further Counseling	0	0%	7	0%	56	3%	42	1%	105	2%
Initiated Forbearance	76	5%	159	10%	212	10%	129	4%	576	8%
Received 2nd Mortgage	0	0%	1	0%	1	0%	3	0%	5	0%
Obtained Partial Claim Loan from FHA Lender	5	0%	3	0%	2	0%	0	0%	10	0%
<b>Sub-Total</b>	<b>517</b>	<b>53%</b>	<b>732</b>	<b>44%</b>	<b>932</b>	<b>44%</b>	<b>1095</b>	<b>36%</b>	<b>3276</b>	<b>48%</b>
<b>OTHER SUCCESSFUL OUTCOME</b>										
Executed deed-in-lieu	6	0%	7	0%	11	1%	6	0%	30	0%
Sold Property but not a short sale	16	1%	27	2%	3	0%	3	0%	49	1%
Pre-Foreclosure Sale or Short Sale	32	2%	25	2%	51	2%	79	3%	187	3%
<b>Sub-Total</b>	<b>54</b>	<b>5%</b>	<b>59</b>	<b>4%</b>	<b>65</b>	<b>3%</b>	<b>88</b>	<b>3%</b>	<b>266</b>	<b>4%</b>
<b>TOTAL, SUCCESSFUL OUTCOME</b>	<b>571</b>	<b>58%</b>	<b>791</b>	<b>48%</b>	<b>997</b>	<b>47%</b>	<b>1183</b>	<b>39%</b>	<b>3542</b>	<b>52%</b>
<b>FORECLOSURE</b>										
Mortgage Foreclosed	41	2%	38	2%	71	3%	67	2%	217	3%
<b>ONGOING</b>										
Counseled & Referred to Social Service or Emergency	38	2%	56	3%	62	3%	82	3%	238	4%
Foreclosure put on hold or in moratorium; final outcome unknown	0	0%	44	3%	22	1%	3	0%	69	1%
Counseled & Referred to Legal Service	36	2%	77	5%	128	6%	113	4%	354	5%
<b>Total</b>	<b>74</b>	<b>8%</b>	<b>177</b>	<b>11%</b>	<b>212</b>	<b>10%</b>	<b>198</b>	<b>7%</b>	<b>661</b>	<b>10%</b>
<b>OTHER</b>										
Other	60	4%	110	7%	16	1%	186	6%	372	5%
Bankruptcy	38	2%	39	2%	34	2%	40	1%	151	2%
Counseled on Debt Management or sent to Debt Management Agency	3	0%	22	1%	19	1%	4	0%	48	1%
Withdrew/Suspended	197	12%	477	29%	777	37%	1331	44%	2782	41%
<b>Total</b>	<b>298</b>	<b>30%</b>	<b>648</b>	<b>39%</b>	<b>846</b>	<b>40%</b>	<b>1561</b>	<b>52%</b>	<b>3353</b>	<b>49%</b>
<b>TOTAL</b>	<b>984</b>	<b>98%</b>	<b>1654</b>	<b>92%</b>	<b>2126</b>	<b>52%</b>	<b>3009</b>	<b>59%</b>	<b>6789</b>	<b>58%</b>
<b>Currently Receiving Counseling</b>	<b>17</b>	<b>2%</b>	<b>147</b>	<b>8%</b>	<b>1998</b>	<b>48%</b>	<b>1815</b>	<b>41%</b>	<b>N/A*</b>	<b>-</b>
<b>Total Clients Seen</b>	<b>1001</b>	<b>100%</b>	<b>1801</b>	<b>100%</b>	<b>4124</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>	<b>11750</b>	<b>58%</b>

\* Data reflect a point in time snapshot of outcomes, as clients move through the counseling process they may be in counseling for many months that span across years captured in reporting.

\*\* Data reported for 2008 in the above table is from March 1 - December 31, 2008. Data collection with NFMC reportable fields began in March 2008.

As Table 7 illustrates, more homeowners are seeking counseling assistance each year of the program, but they are increasingly more difficult to assist (withdrew suspended) or are taking longer to assist (still receiving counseling). From 2009<sup>11</sup> to 2011, the total number of homeowners seen by the agencies increased by 168%, from 1,001 to 4,824. However, an increasing percentage fall into the withdrew/ suspended category or the “still receiving counseling” category.

<sup>11</sup> We use 2009 as the base year because the 2008 data covers only 10 months, as described earlier in the report.

The number of homeowners counted as “withdrew/suspended” increased from 197 (12%) in 2008 to 1331 (44%) in 2011. This increase reflects the increasingly difficult financial situation of homeowners facing foreclosure, as discussed in other sections of the report, as well as the continuing drop in home values experienced in many communities across the county. Further, an unsettling outcome began to emerge in 2011. Agencies report that homeowners were declining modifications offered by the lenders. The agencies attribute this to four factors:

- delays in lender processing of foreclosures resulting in higher amounts in arrears by the time the homeowner seeks assistance (homeowners may owe more than a year of payments before the lender completes the paperwork for the foreclosure filing),
- declining property values
- lenders not offering affordable modifications
- lenders not offering principle reduction as an option

Another contributing factor is the introduction of the Restoring Stability (RS) program toward the end of 2010. While agencies pursue all loan modification options, including RS when appropriate, homeowners waiting to learn the determination of their eligibility and then their approval for RS funds. (It is a two step process, see Appendix D) are counted as “still receiving counseling.”

Homeowners who are in the counseling pipeline but do not respond to a series of follow-up calls from agencies (usually three) are categorized as suspended. If they return to the agencies for assistance, their case is re-activated. If upon their return, their original presenting problems have changed, a new case number is opened.

In Table 7, successful outcomes are examined relative to the total number of homeowners who had some outcome, not including those still receiving counseling. In 2008, CCFPP agencies were able to successfully help 571 (53%) of counseling clients with outcomes. The number of homeowners with successful outcomes increased steadily to 1,183 in 2011. Overall, from 2008 through 2011, agencies were able to successfully help 3,542 (52%) homeowners of all the homeowners who had some outcome, including withdrew or suspended. However, the percentage decreased to 39 percent due to the large numbers in the withdrew/suspended category.

The number and percentage of households who lost their home to foreclosure is consistently small, a total of 217 homeowners or 3 percent of the total.

## Successful Outcomes

**TABLE 8: SUCCESSFUL OUTCOMES ALL AGENCIES, 2008 - 2011**

SUCCESSFUL OUTCOME	2008*		2009		2010		2011		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>MORTGAGE MODIFIED</b>										
Brought Mortgage Current	180	32%	129	16%	177	18%	359	30%	845	24%
Mortgage Refinanced	9	2%	9	1%	6	1%	4	0%	28	1%
Mortgage Modified	247	43%	424	54%	478	48%	558	47%	1707	48%
Referred Homeowner to Servicer with Action Plan and No Further Counseling	0	0%	7	1%	56	6%	42	4%	105	3%
Initiated Forbearance	76	13%	159	20%	212	21%	129	11%	576	16%
Received 2nd Mortgage	0	0%	1	0%	1	0%	3	0%	5	0%
Obtained Partial Claim Loan from FHA Lender	5	1%	3	0%	2	0%	0	0%	10	0%
<b>Sub-Total</b>	<b>517</b>	<b>91%</b>	<b>732</b>	<b>93%</b>	<b>932</b>	<b>93%</b>	<b>1095</b>	<b>93%</b>	<b>3276</b>	<b>92%</b>
<b>OTHER SUCCESSFUL OUTCOME</b>										
Executed deed-in-lieu	6	1%	7	1%	11	1%	6	1%	30	1%
Sold Property but not a short sale	16	3%	27	3%	3	0%	3	0%	49	1%
Pre-Foreclosure Sale or Short Sale	32	6%	25	3%	51	5%	79	7%	187	5%
<b>Sub-Total</b>	<b>54</b>	<b>9%</b>	<b>59</b>	<b>7%</b>	<b>65</b>	<b>7%</b>	<b>88</b>	<b>7%</b>	<b>266</b>	<b>8%</b>
<b>TOTAL, SUCCESSFUL OUTCOME</b>	<b>571</b>	<b>100%</b>	<b>791</b>	<b>100%</b>	<b>997</b>	<b>100%</b>	<b>1183</b>	<b>100%</b>	<b>3542</b>	<b>100%</b>

\* Data reported for 2008 in the above table is from March 1 - December 31, 2008. Data collection with NFMC reportable fields began in March 2008.

The goal of the program is to keep people in their homes or find them an affordable and suitable option. Therefore a range of outcomes is considered “successful” as detailed in Table 8. National research finds that for homeowners who want to remain in their homes and avoid foreclosure, mortgage modification provides the best opportunity for maintaining the loan. Analysis by The Urban Institute of the national NFMC program highlighted the importance of loan modifications for troubled borrowers. They report that “NFMC-counseled homeowners that received loan modifications were less likely to either have their loan go into foreclosure or to have a foreclosure completed after the start of counseling.”<sup>12</sup>

Looking at the total 3,542 homeowners with successful outcomes from 2008 through 2011, 24% brought their mortgage current and 48% had their mortgage modified. These two outcomes enable homeowners to stay in their homes and hold the most promise in terms of long-term sustainability of homeownership. The percentage that brought mortgage current was 30% in 2011, up from 18% the previous year. The percentage that had mortgages modified was 47%, down slightly from the 48% in 2010. But these percentages remain surprisingly high, despite the increasing challenges.

<sup>12</sup>The Urban Institute, National Foreclosure Mitigation Counseling Program Evaluation, Final Report Rounds 1 and 2, December 2011.

TABLE 9: FORECLOSURE COUNSELING CLIENTS, LOAN PRODUCT TYPE, ALL AGENCIES, 2011

	Total	Percent
ARM currently 8% or over	25	2%
ARM currently under 8%	51	3%
Fixed 8% or greater	148	10%
Fixed under 8%	1,267	85%
Sub-Total (Reported)	1,491	31%
N/A	3,333	69%
<b>Total</b>	<b>4,824</b>	<b>100%</b>

Beginning in 2009 we were able to compile information about the type of loan product of clients and the reason they are facing default. However, this information is not reported for all clients. For the small subset of homeowners for which information is available, a significant number (85%) of the clients had fixed rate loans with interest rates under 8% as reported in Table 8. These would traditionally be considered “good loans.” Adjustable Rate Mortgages (ARMs) over 8% could pose problems in the future for homeowners once interest rates increase and they reset at higher rates. Only 2% of clients have these potentially problematic loans in 2011 compared with 23% in 2009. This reinforces the anecdotal information from the agency interviews that they are not seeing predatory loans any longer, but rather traditional mortgages with homeowners who have been struck by hard times.

TABLE 10: FORECLOSURE COUNSELING CLIENTS, LOAN PRODUCT TYPE, ALL AGENCIES, 2009 - 2011

	2009		2010		2011		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
ARM currently 8% or over	209	23%	46	5%	25	2%	280	8%
ARM currently under 8%	69	8%	71	8%	51	3%	191	6%
Fixed 8% or greater	198	22%	191	20%	148	10%	537	16%
Fixed under 8%	449	46%	630	67%	1,267	85%	2,346	70%
<b>Total (Reported)</b>	<b>925</b>	<b>100%</b>	<b>938</b>	<b>100%</b>	<b>1,491</b>	<b>100%</b>	<b>3,354</b>	<b>100%</b>

Table 10 shows that over the last three years of the program 70% of homeowners in need of assistance have traditional mortgages with fixed rates under 8%.

TABLE 11: FORECLOSURE COUNSELING CLIENTS, REASON FOR LOAN DEFAULT, ALL AGENCIES, 2011

	Number	Percent
Reduction in income	119	8%
Loss of income	1,155	76%
Medical issues	82	6%
Increase in expenses	53	3%
Poor budget management	16	1%
Increase in loan payment	13	1%
Other	18	1%
Divorce/separation	28	2%
Death of a family member	24	2%
Business venture failure	2	0%
Not in default	4	0%
Sub-Total (Reported)	1,514	31%
N/A	3,310	69%
<b>Total</b>	<b>4,824</b>	<b>100%</b>

Table 11 confirms anecdotal information about trends from interviews with agency counselors and shows that 84% of their clients are in default due to reduction in income or loss of income. If we add in medical issues and increase in expenses (both of which have the effect of reducing income) this percentage rises to 93%. These are the most difficult cases in terms of negotiating a workout with lenders or servicers as described above. In 2011, only 1% of clients reported an increase in loan payment amount as the reason for default. This is down from the 4% in 2009 and 2% in 2010.

TABLE 12: FORECLOSURE COUNSELING CLIENTS, CREDIT SCORE AT INTAKE, ALL AGENCIES, 2011

	Number	Percent
499 and below (very bad)	764	29%
500-579 (bad)	1,060	40%
580-619 (poor)	359	14%
620-679 (fair)	257	10%
680-699 (good)	51	2%
700 and up (excellent)	136	5%
Sub-Total (Reported)	2,627	54%
N/A	2,197	46%
<b>Total</b>	<b>4,824</b>	<b>100%</b>

Table 12 shows credit scores. Only 7% of clients had excellent or good credit scores at intake. This is up slightly from 4% that was reported in 2010. 69% percent had bad or very bad scores, adding to the challenge of assisting clients to avert foreclosure. The good and excellent ratings probably reflect those homeowners who seek out counseling before a foreclosure is filed.

Note: For loan product type, default reason code and credit score at intake (shown in the above three tables), a large percentage of clients had no data reported. Therefore, percentages were calculated using the total reported data, not the total number of clients

### **RESCUE FUNDS**

The County made DTAC funds available for “rescue loans” in 2007 as a direct response to the need expressed by counseling agencies and advocates that there were cases where additional money was needed to bring a homeowner current on his or her mortgage payments or otherwise prevent foreclosure. These “rescue funds” gave the counseling agencies a much-needed resource to assist their clients in saving their homes.

The rescue loan funds continue to provide one-time assistance to homeowners who have difficulty paying their mortgages because of unsuitable loan terms such as high variable interest rates and/or because of unexpected life events such as job loss, illness, or divorce. The “loans” are secured by a second mortgage on the property. The loans have no minimum payment, do not accrue interest and do not have to be repaid until the borrower either sells or refinances the home. To qualify, recipients must be Cuyahoga County residents, the property must be their primary residence, the payment must be sufficient to keep them in their home, they must be able to continue to pay the revised mortgage amount, the interest rate must be fixed and taxes and insurance must be included in the new payment. There is no income limit for eligibility.



Between September 1, 2007 and December 31, 2011 the DTAC rescue funds have helped 573 households avoid foreclosure and make their mortgage payments more affordable. The total amount of rescue fund dollars expended was \$1,527,842.87 (see Table 12). The average loan amount in 2011 was \$2,614.28.

The Cuyahoga County DTAC rescue fund program ended in 2011. At that time, a review of the program's loans was conducted by the CCFPP. Table 13 represents an updated and final accounting of all rescue loans made from September 2007 through the end of 2011. The numbers have been revised from those presented in previous reports. There are instances where loans were approved and processed by the County, but the funds were not disbursed. This could result from modification agreements that were canceled, the loan approval came too late for the bank to accept it or something else changed with the borrower's situation and the loan was no longer appropriate.

**TABLE 13: CUYAHOGA COUNTY FORECLOSURE RESCUE FUND SUMMARY, 2007 - 2011**

	Number	Amount	Average Loan Amount
<b>2007</b>	68	\$176,873.28	\$2,601.08
<b>2008</b>	261	\$695,842.85	\$2,666.06
<b>2009</b>	62	\$178,262.28	\$2,875.20
<b>2010</b>	38	\$100,407.62	\$2,642.31
<b>2011</b>	144	\$376,456.84	\$2,614.28
<b>Total</b>	<b>573</b>	<b>\$1,527,842.87</b>	<b>\$2,666.39</b>

\*Note the DTAC Rescue Fund Loan Program began in September 2007

Although the program has ended, it should be noted that there continues to be a need for these loans in a small percentage of cases. And in those cases, it can make the difference between the homeowner keeping or losing the home. The large increase from 2010 to 2011 reflects this need. Agencies continue to report that the availability of rescue funds is an important tool and as other sources of rescue funds end, such as the pool of OHFA funds administered by NHSGC, the County program has become even more important.

Ohio's Restoring Stability program has a pool of rescue funds, but only unemployed homeowners qualify and the turn-around time on the state program remains long. The

County's funds can be obtained more quickly, which can be an important factor resulting in a quick default cure and preventing the homeowner from accruing additional fees.

In general, rescue funds have declined in importance as both a negotiation tool with lenders and as a source of assistance for homeowners, who, because of loss of employment, many need much more significant assistance. Lenders no longer require up front sums of money to bring mortgages current. Instead, many lenders prefer to work within the guidelines of assistance programs such as HAMP, which prohibit such up-front payments. But again, in some cases, rescue funds make a big difference and have even been used to complete short-payoffs. (The lender has agreed to turn over ownership of the house in return for a \$3,000 payment.)

### **SUBURBAN OUTREACH: CUYAHOGA COUNTY FORECLOSURE PREVENTION WORKSHOPS**

From 2008 to mid 2010, the Cuyahoga County Foreclosure Prevention Program conducted outreach efforts aimed at reaching suburban Cuyahoga County homeowners at risk of foreclosure. The County identified homeowners with Adjustable Rate Mortgages (ARMS) that were scheduled to reset. A letter was sent from then Cuyahoga County Treasurer's office, and signed by both the Treasurer and Prosecutor, with information about foreclosure workshops that were scheduled in their communities. All of the counseling agencies provided housing counselors at workshop sites. While these workshops reached large numbers of homeowners and counselors felt that they were an important component in the foreclosure prevention effort, in mid-2010 a decision was made to suspend scheduling of new workshops. Both program staff and counseling agencies refocused their attentions on the mediation program and the Ohio Housing Finance Agency's Restoring Stability program.

However, agencies continue to provide assistance to communities across the County, setting up satellite locations to conduct counseling intake sessions and provide members in the community with information on their services. Many of these satellite locations are in communities where workshops had been previously conducted.

Outreach to suburban areas is an important part of the program and we recommend that the workshops be restarted, provided the agencies have the resources to staff them and to deal with the increase in clients that result.

### MEDIATION PROGRAM

As part of Ohio's *Save the Dream* program, in 2008, the Supreme Court exhorted every County in Ohio to adopt a process for foreclosure mediation. The Cuyahoga County Court of Common Pleas formed a Mediation Sub-Committee that presented its proposed Mediation program to the bar and the public in March 2008. The public comment period ended on April 7, 2008 and foreclosure mediation became operational in May 2008. It is an important component of foreclosure prevention operates as described below.



1. Once a complaint for foreclosure has been filed, the Court sends out the summons package which contains a "Request for Mediation" form. [Note: This differs somewhat from the Supreme Court's "Model Program," which limited mediation to foreclosures against owner-occupied, residential properties.] Any party can request mediation by sending the request form directly to the Foreclosure Mediation department. Counseling agencies refer clients with active foreclosures to mediation. [Note: Magistrates may also order mediation at any point in the foreclosure process prior to confirmation of a sheriff sale if they deem mediation to be appropriate.]
2. When the defendant receives the summons, they also receive a "Notice" advising them to stay in their home. The notice also provides information on the Legal Aid Society of Cleveland and the United Way's First Call for Help Line, 211. 2-1-1 is able to provide property owners who call in with a listing of free, HUD-approved housing counseling agencies in Cuyahoga County.
3. If the court determines the case is appropriate for mediation, the court places an order on the docket imposing a stay on the case and requiring the case to be mediated. A case may be "unsuitable" for mediation if the homeowner has insufficient income. Tax foreclosure cases initiated by the County are not appropriate for mediation.
4. If mediation is ordered, participation by both parties is mandatory. Failure to appear for mediation will subject the absent party to appropriate sanctions. If the Plaintiff (lender or servicer) and/or the Plaintiff's attorney fail to appear, its claims are dismissed without prejudice. If the Defendant (homeowner) fails to appear, the case goes back on the Court's foreclosure docket. Beginning in August 2009, the Court required that the representative for the Plaintiff have ultimate authority to agree to the terms of the agreement. If necessary, an investor can be required to be present in person.

Members of the bar volunteer to assist homeowners in the mediation process pro-bono and are trained in the process as well as the defenses that might be available to a homeowner faced with foreclosure, a concern raised by Legal Aid attorneys.

In the first year of the program mediators reported that a high number of homeowners considered themselves victims of predatory lending. Mediators no longer hear this from homeowners.

Anecdotal information from mediators indicates that in the first year of the program homeowners were overwhelmingly from the City of Cleveland. While they still see many homeowners from the City of Cleveland, mediators now report a more representative mix of homeowners from around the County.

Mediators continue to report that close to one-third of homeowners in mediation have worked with or are working with a counseling agency.

Counseling agencies continue to report that the mediation is a valuable tool to assist clients in addressing foreclosures.

**TABLE 14: Cuyahoga County Foreclosure Mediation Program January 2010 through December 2011**

	January - December 2010		January - December 2011	
	Total	Percent	Total	Percent
<b>Cases Referred</b>	<b>3855</b>	<b>100%</b>	<b>3105</b>	<b>100%</b>
Unsuitable	559	15%	911	29%
<b>Referred for Mediation</b>	<b>3296</b>	<b>85%</b>	<b>2114</b>	<b>68%</b>
Bankruptcy	105	3%	83	4%
Failure from Plaintiff	65	2%	24	1%
Failure from Defendant	893	27%	749	35%
<b>Pre-Mediation Held</b>	<b>3143</b>	<b>95%</b>	<b>2594*</b>	<b>123%</b>
Mediations Held	2376	76%	2277*	108%
Settled	1459	61%	1376	53%

Source: Cuyahoga County Court of Common Pleas Foreclosure Mediation Program

\*Numbers represent total number of pre-mediation conferences held, including those that were referred for mediation in 2010, but did not have a hearing scheduled until 2011

The mediation program currently operates with 4 full-time and 2 part-time mediators. The Cuyahoga County Court of Common Pleas Mediation Program reports that in 2011, 3,105 cases were referred for Mediation. This represents a 19% decrease in referred cases from 2010 (Table 14). Once cases referred for mediation are reviewed, they are either scheduled for a pre-mediation conference or determined by the program to be unsuitable for mediation. In 2011, the Mediation Program referred for mediation 68% of cases. Of those, in 4% of the cases the defendant (homeowner) filed for bankruptcy, thus removing the case from the mediation process.

Pre-Mediation conferences are conducted two days a week and the program reports conducting approximately 20 pre-mediations per day. In pre-mediation, each party is informed about the mediation process and provided the appropriate paper work to complete and submit to the Court in preparation for mediation. In 2011, 480 more cases are reported to have received a pre-mediation conference than were referred for mediation in the reporting year. This is due to a carry-over of cases that had to be referred for mediation in 2010, but did not have their pre-mediation conference and mediation until 2011. Of those cases, 2,277 have had a mediation session held. This represents 108% of the total number of mediation referred to the program in 2011. While this is 163 more cases than were referred for mediation, it represents a 4% decrease in the number of mediations held in 2010.

In cases where either the defendant or plaintiff fails to show up for the scheduled mediation session, their case is dropped from the mediation process. In 1% of the cases referred for mediation the Plaintiff (lender) failed to appear and the case was dismissed. In 35% of the cases, the defendant (homeowner) failed to appear and their case was sent back to the court's docket. This represents an 8 percentage point increase of homeowners failing to appear for their scheduled mediation sessions over the last full 12-month period for which data is available and is 10 percentage points higher than the total program's average.

In 2011, 2,277 mediation sessions were held, 1,376 cases (53%) were settled. A case is deemed settled when both parties reach an agreement on some set of terms. Settlement does not necessarily mean that the homeowner stays in his or her home. Settlement can and does include the homeowner walking away from the property. Cases that are not settled are returned back to the Court's docket. When accounting for all cases where a pre-mediation hearing was held, a settlement occurred 46% of the time.

**TABLE 15: Cuyahoga County Foreclosure Mediation Program (January 2010 through December 2011)**

	January - December 2010		January - December 2011	
	Total	Percent	Total	Percent
<b>Referred for Mediation</b>	<b>3296</b>	<b>100%</b>	<b>2114</b>	<b>100%</b>
Pre-Mediation Held	3143	95%	2594	123%
Mediations Held	2376	76%	2277	108%
Settled	1459	51%	1376	53%
<b>Settlement Ratio</b>	<b>46%</b>	<b>N/A</b>	<b>46%</b>	<b>N/A</b>

Source: Cuyahoga County Court of Common Pleas Foreclosure Mediation Program

\*Numbers represent total number of pre-mediation conferences held, including those that were referred for mediation in 2010, but did not have a hearing scheduled until 2011

**TABLE 16: Cuyahoga County Foreclosure Mediation Program Totals June 2008 through December 2011**

	June 2008 - December 2009		January - December 2010		January - December 2011		Program Total	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
<b>Cases Referred</b>	<b>4704</b>	<b>100%</b>	<b>3855</b>	<b>100%</b>	<b>3105</b>	<b>100%</b>	<b>11664</b>	<b>100%</b>
Unsuitable	682	14%	559	15%	911	29%	2152	18%
<b>Referred for Mediation</b>	<b>4102</b>	<b>87%</b>	<b>3296</b>	<b>85%</b>	<b>2114</b>	<b>68%</b>	<b>9512</b>	<b>82%</b>
Bankruptcy	87	2%	105	3%	83	4%	275	3%
Failure from Plaintiff	87	2%	65	2%	24	1%	176	2%
Failure from Defendant	778	19%	893	27%	749	35%	2420	25%
<b>Pre-Mediation Held</b>	<b>2864</b>	<b>70%</b>	<b>3143</b>	<b>95%</b>	<b>2594*</b>	<b>123%</b>	<b>8601</b>	<b>90%</b>
Mediations Held	1474	36%	2376	76%	2277*	88%	6127	71%
Settled	1231	83%	1459	61%	1376	53%	4066	66%

Source: Cuyahoga County Court of Common Pleas Foreclosure Mediation Program  
 \* Numbers represent total number of pre-mediation conferences held, including those that were referred for mediation in 2010, but did not have a hearing scheduled until 2011

**TABLE 17: Cuyahoga County Foreclosure Mediation Program Totals June 2008 through December 2011**

	June 2008 - December 2009		January - December 2010		January - December 2011		January - December 2011	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
<b>Referred for Mediation</b>	<b>4102</b>	<b>100%</b>	<b>3296</b>	<b>100%</b>	<b>2114</b>	<b>100%</b>	<b>9512</b>	<b>100%</b>
Pre-Mediation Held	2864	70%	3143	95%	2594	123%	8601	90%
Mediations Held	1474	36%	2376	76%	2277	108%	6127	71%
Settled	1231	30%	1459	44%	1376	53%	4066	43%
<b>Settlement Ratio</b>	<b>83%</b>	<b>N/A</b>	<b>61%</b>	<b>N/A</b>	<b>60%</b>	<b>N/A</b>	<b>66%</b>	<b>N/A</b>

Source: Cuyahoga County Court of Common Pleas Foreclosure Mediation Program  
 \* Numbers represent total number of pre-mediation conferences held, including those that were referred for mediation in 2010, but did not have a hearing scheduled until 2011

## Foreclosure Mediation Support Program

In late spring 2010 the Cuyahoga County Foreclosure Prevention Program and the Cuyahoga County Court of Common Pleas Mediation Program negotiated a formal arrangement to provide the opportunity for homeowners entering mediation to consult with Cuyahoga County Foreclosure Prevention Counselors on site at the Justice Center. As part of this arrangement, housing counselors are located outside of the mediation offices and are available to any homeowner interested in their services. Agencies have counselors available on dates where pre-mediation hearings are scheduled. These are held on Mondays and Fridays of each week. Soon after the program began, mediators began to directly refer cases to housing counselors. All mediators now refer homeowners to housing counselors. Mediators value the services provided by the housing counselors. One indicator is that there is an interest in exploring the expansion of the program and having housing counselors available on-site every day for referrals. However, this would require additional space, funding and agreement from the agencies.

Mediators appreciate having the counselors on-site to provide assistance in pulling together accurate financial documents and information that is required in mediation. This saves a lot of time and energy for both the homeowner and mediator as the required financial documentation can be confusing and difficult for the homeowner to provide. Counselors are

also able to explain to homeowners other assistance that may be available to them. Counselors can also help homeowners in need of other assistance such as with utilities or other social services.

From April 2010 through December 31, 2010, 258 clients were seen by the Foreclosure Mediation Support Program (counselors-on-site). This represents approximately 8% of premeditations held. The number of clients in 2011 nearly doubled to 509, which represents nearly 20% of the premeditations held by the Cuyahoga County Foreclosure Mediation Program.

**CHART 3: Cuyahoga County Foreclosure Mediation Support Program Contact Outcomes, 2011**

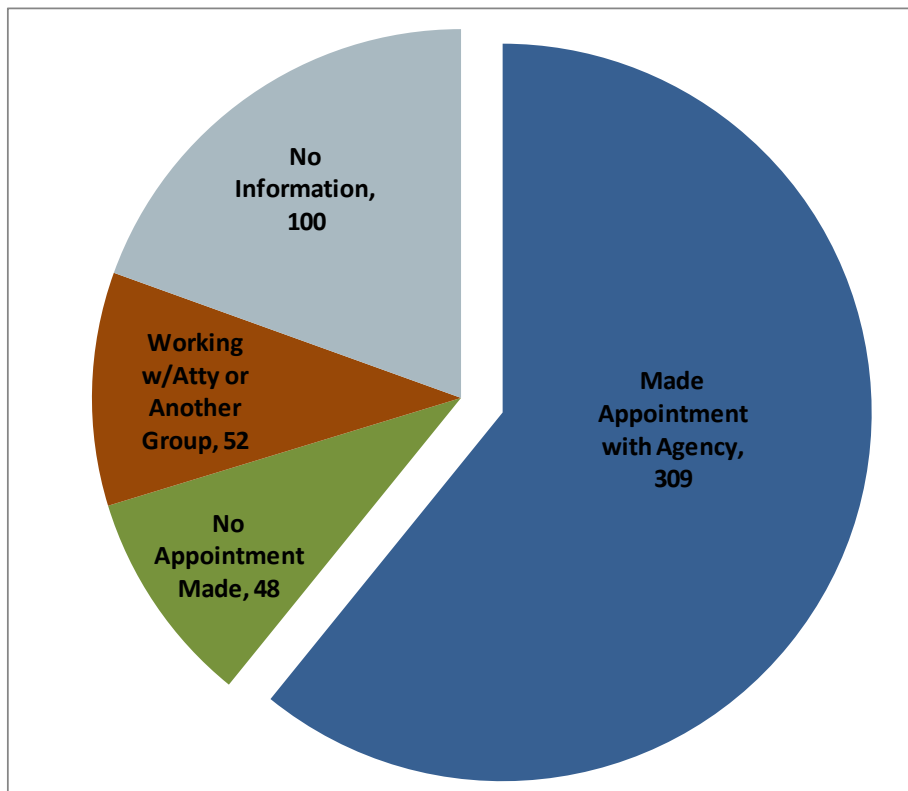


Chart 3 shows that in 2011, 309 clients, 61%, set up appointments with one of the partner counseling agencies for full intakes. An additional 52, 10%, reported that they were already working with an attorney or agency.

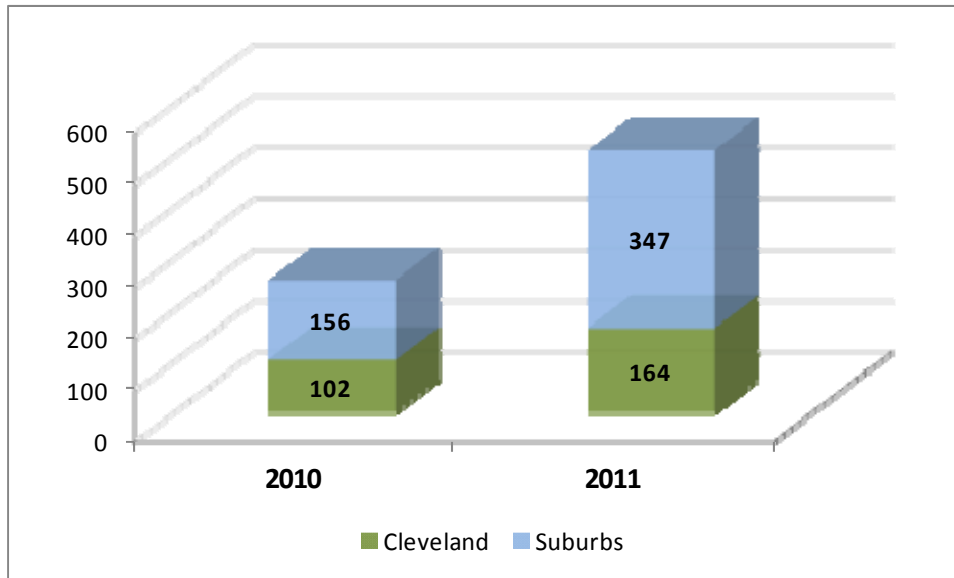
**CHART 4: Cuyahoga County Foreclosure Mediation Support Program Contact Geography, 2011**

Chart 4 illustrates the breakdown in the number of Foreclosure Mediation Support Program clients that come from the City of Cleveland and the suburbs of Cuyahoga County. In 2010 60% of clients, 156, were from the suburbs. In 2011 that number climbed to 347 or 68% of clients.



## CONCLUSION

When the foreclosure crisis began in 2005, nobody involved thought that it would still be problem of crisis proportions in 2012. But if anything, the crisis has worsened. Foreclosures have resulted in the rapidly growing inventory of vacant and abandoned housing and falling property values, both of which have led to declining tax bases and added costs for cities and the county. At this point, it is unclear when the crisis will abate and housing markets will resume their normal functioning. As described in the report, national experts expect the backlog in processing foreclosure filings to result in steep increases in the number of filings in 2012 and 2013. Other experts predict that the large number of underwater mortgages will lead to an additional 10.4 million borrowers nationally that are likely to default.

What is clear is that the multifaceted and coordinated approach underway in Cuyahoga County is effective. Under the leadership of the Cuyahoga County Foreclosure Prevention Program, a comprehensive and highly functional system has been created to help prevent foreclosures on the front end. The system includes 211 First Call for Help, support for face-to-face counseling, rescue loans and mediation support. The County's leadership provides the infrastructure that make this system work:

- Funding: \$4.7 million in County general, block grant and special purpose funds (DTAC)
- Outside fundraising: \$1.2 million
- Advocacy at the state and national level: Restoring Stability, principal reduction, state legislation
- Tracking and monitoring progress with continuous feedback to agencies: evaluation
- Convening: monthly meetings with agencies

From 2006 through 2011, participating agencies have served 16,061 homeowners seeking foreclosure prevention counseling with the number of homeowners seeking assistance peaking in 2011. As one measure of the program's effectiveness, 52% of those who received counseling were able to attain a successful outcome, defined as: bringing their mortgage current, having their mortgage modified, initiating a forbearance agreement, otherwise modifying their mortgage or selling their property through a deed-in-lieu, short sale or pre-foreclosure sale.

Despite the many additional state and federal resources that have come on line since the crisis began, the County's funding and leadership has been the "glue" that holds the system together and enables the participating agencies to act in a coordinated and collaborative way. The system has proven to be flexible and adaptive. It maximizes the resources that can be brought to bear to help the county's homeowners even in the face of a constantly changing landscape of programs, funding, regulations and economic challenges.

It will be important going forward for the County to continue to provide strong and forward looking leadership to support the CCFPP system. Foreclosure prevention is just one part of

what can become a multi-faceted approach to restoring strength to the local housing market and helping homeowners and city leaders throughout the county cope with the fall-out of the crisis. This leadership, combined with a highly sophisticated network of counseling agencies and the availability of reliable, consistent data, enables the CCFPP to be responsive to the needs of homeowners and cities county-wide.

### RECOMMENDATIONS

**Continue advocacy at federal and state level.** The county has played an important role as an advocate for policies, regulations and programs that affect the mortgage industry and foreclosure prevention programs. We recommend that the county continue to monitor the policy environment and advocate at the federal and state level for programs that can assist Northeast Ohio homeowners and communities.

**Restart outreach and marketing efforts aimed at prevention.** As identified in previous reports, a continuing challenge has been how best to raise awareness and reach out to suburban homeowners facing foreclosure to get them to take advantage of the resources available through the counseling program. In past years, the program mailed postcards to households in foreclosure and at risk of foreclosure to let them know about the services available through 211 and conducted foreclosure prevention workshops in targeted communities. In mid-2010 a decision was made to suspend scheduling of new workshops. With foreclosure filings continuing to grow in suburban areas, we recommend that the outreach and workshops be restarted, provided the agencies have the resources to staff them and to deal with the increase in clients that result.

**Expand Foreclosure Mediation Support Program.** In late spring 2010 the Cuyahoga County Foreclosure Prevention Program and the Cuyahoga County Court of Common Pleas Mediation Program negotiated a formal arrangement to have Cuyahoga County Foreclosure Prevention Counselors on site at the Justice Center. One indicator is that there is an interest in exploring the expansion of the program and having housing counselors available on-site every day for referrals. However, this would require additional space, funding and agreement from the agencies. We recommend that the County explore ways to expand the Foreclosure Mediation Support Program.

**Continue the County's leadership role.** Under the leadership of the Cuyahoga County Foreclosure Prevention Program, a comprehensive and highly functional system has been created to prevent foreclosures on the front end. The County's leadership has enabled the tracking and monitoring of progress with continuous feedback to agencies and program staff, they have convened monthly meetings with agencies where issues about program operations and improvements are addressed. They have also played a lead role in fundraising for the counseling agencies and the mediation support program. We recommend that the County continue to play a leadership role through the Cuyahoga County Foreclosure Prevention

Program and continue to facilitate cooperation among housing counseling agencies and convene partnership meetings.

# RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

## APPENDIX

### A: 2011 Demographics by Agency

	CHN		CHS		ESOP		NHS		HRRC		Total	
RACE	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	345	30%	89	27%	502	35%	593	40%	40	9%	1569	33%
African American	685	61%	225	68%	873	60%	762	52%	127	29%	2672	55%
African American & White	6	1%	2	1%	1	0%	7	0%	0	0%	16	0%
American Indian/Alaskan	1	0%	0	0%	4	0%	0	0%	0	0%	5	0%
American Indian & White	2	0%	0	0%	1	0%	1	0%	0	0%	4	0%
American Indian & Black	3	0%	0	0%	0	0%	2	0%	0	0%	5	0%
Asian	6	1%	3	1%	10	1%	9	1%	0	0%	28	1%
Asian & White	2	0%	0	0%	1	0%	2	0%	0	0%	5	0%
Native Hawaiian/Other Pacific Island	1	0%	1	0%	3	0%	1	0%	0	0%	6	0%
Other	60	5%	13	4%	1	0%	99	7%	1	0%	174	4%
None Reported	21	2%	0	0%	48	3%	2	0%	269	62%	340	7%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>
ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hispanic	51	5%	11	3%	63	4%	57	4%	5	1%	187	4%
Not Hispanic	1074	95%	317	95%	1351	94%	1384	94%	163	37%	4289	89%
None Reported	7	0%	5	2%	30	2%	37	3%	269	62%	348	7%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>
GENDER	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	696	61%	199	60%	842	58%	913	62%	110	25%	2760	57%
Male	436	39%	134	40%	601	42%	565	38%	58	13%	1794	37%
None Reported	0	0%	0	0%	1	0%	0	0%	269	62%	270	6%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>
HOUSEHOLD COMPOSITION	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Single Adult	9	1%	0	0%	530	37%	0	0%	0	0%	539	11%
Female-headed Single	7	1%	0	0%	299	21%	0	0%	0	0%	306	6%
Male-headed Single	1	0%	0	0%	46	3%	0	0%	0	0%	47	1%
Married with no dependents	5	0%	0	0%	297	21%	0	0%	0	0%	302	6%
Married with dependents	3	0%	0	0%	184	13%	0	0%	0	0%	187	4%
Two or more unrelated	2	0%	0	0%	67	5%	0	0%	0	0%	69	1%
Other	0	0%	0	0%	18	1%	0	0%	0	0%	18	0%
None Reported	1105	98%	333	100%	3	0%	1478	100%	437	100%	3356	70%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>117%</b>
AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
62 and over	149	13%	46	14%	236	16%	47	3%	15	3%	493	10%
Under 62	835	74%	173	52%	1206	84%	354	24%	76	17%	2644	55%
None Reported	148	13%	114	34%	2	0%	1077	73%	346	79%	1687	35%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>
INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 50% of AMI	652	58%	155	47%	415	29%	792	54%	48	11%	2062	43%
50-79% of AMI	289	26%	115	35%	442	31%	419	28%	86	20%	1351	28%
80-100% of AMI	98	9%	28	8%	587	41%	112	8%	16	4%	841	17%
Greater than 100% of AMI	93	8%	35	11%	0	0%	153	10%	18	4%	299	6%
None Reported	0	0%	0	0%	0	0%	2	0%	269	62%	271	6%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>
CREDIT RATING	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
700 and up (excellent)	40	4%	8	2%	31	2%	50	3%	7	2%	136	3%
680-699 (good)	13	1%	3	1%	14	1%	20	1%	1	0%	51	1%
620-679 (fair)	76	7%	29	9%	57	4%	82	6%	13	3%	257	5%
580-619 (poor)	108	10%	22	7%	84	6%	123	8%	22	5%	359	7%
500-580 (bad)	314	28%	91	27%	255	18%	343	23%	57	13%	1060	22%
499 and below (very bad)	220	19%	60	18%	193	13%	253	17%	38	9%	764	16%
None Reported	361	32%	120	36%	810	56%	607	41%	299	68%	2197	46%
<b>Total</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>

## RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

### B: 2011 Outcomes by Agency

	CHN		CHS		ESOP		HRRC		NHS		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>SUCCESSFUL OUTCOME</b>												
Brought Mortgage Current	109	17%	42	13%	49	6%	63	20%	96	11%	359	12%
Mortgage Refinanced	0	0%	1	0%	2	0%	0	0%	1	0%	4	0%
Mortgage Modified	136	21%	88	27%	167	19%	58	18%	109	13%	558	19%
Referred homeowner to servicer with action plan no further counseling	0	0%	0	0%	42	5%	0	0%	0	0%	42	1%
Initiated Forbearance	51	8%	30	9%	19	2%	13	4%	16	2%	129	4%
Received 2nd Mortgage	1	0%	0	0%	0	0%	1	0%	1	0%	3	0%
Obtained partial claim loan from FHA Lender	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Subtotal</b>	<b>297</b>	<b>46%</b>	<b>161</b>	<b>50%</b>	<b>279</b>	<b>32%</b>	<b>135</b>	<b>42%</b>	<b>223</b>	<b>27%</b>	<b>1095</b>	<b>36%</b>
<b>OTHER SUCCESSFUL OUTCOME</b>												
Executed deed in-lieu	1	0%	1	0%	1	0%	2	1%	1	0%	6	0%
Sold Property but not at Short Sale	2	0%	0	0%	0	0%	1	0%	0	0%	3	0%
Pre-Foreclosure Sale or Short Sale	67	10%	5	2%	0	0%	3	1%	4	0%	79	3%
<b>Subtotal</b>	<b>70</b>	<b>11%</b>	<b>6</b>	<b>2%</b>	<b>1</b>	<b>0%</b>	<b>6</b>	<b>2%</b>	<b>5</b>	<b>1%</b>	<b>88</b>	<b>3%</b>
<b>TOTAL SUCCESSFUL OUTCOME</b>	<b>367</b>	<b>57%</b>	<b>167</b>	<b>52%</b>	<b>280</b>	<b>32%</b>	<b>141</b>	<b>44%</b>	<b>228</b>	<b>27%</b>	<b>1183</b>	<b>39%</b>
<b>FORECLOSURE</b>												
Mortgage Foreclosure	10	2%	18	6%	17	2%	1	0%	21	2%	67	2%
<b>ONGOING</b>												
Counseled and referred to social service or emergency	60	9%	16	5%	0	0%	0	0%	6	1%	82	3%
Foreclosure put on hold or in moratorium; final outcome unknown	0	0%	0	0%	3	0%	0	0%	0	0%	3	0%
counseled and referred to legal service	69	11%	23	7%	3	0%	2	1%	16	2%	113	4%
<b>Total</b>	<b>129</b>	<b>20%</b>	<b>39</b>	<b>12%</b>	<b>6</b>	<b>1%</b>	<b>2</b>	<b>1%</b>	<b>22</b>	<b>3%</b>	<b>198</b>	<b>7%</b>
<b>OTHER</b>												
Other	0	0%	0	0%	186	21%	0	0%	0	0%	186	6%
Bankruptcy	13	2%	10	3%	4	0%	3	1%	10	1%	40	1%
Counseled on Debt Management or sent to Debt Management Agency	3	0%	1	0%	0	0%	0	0%	0	0%	4	0%
Withdrew/Suspended	126	19%	89	27%	385	44%	171	54%	560	67%	1331	44%
<b>Total</b>	<b>142</b>	<b>22%</b>	<b>100</b>	<b>31%</b>	<b>575</b>	<b>65%</b>	<b>174</b>	<b>55%</b>	<b>570</b>	<b>68%</b>	<b>1561</b>	<b>52%</b>
<b>TOTAL</b>	<b>648</b>	<b>57%</b>	<b>324</b>	<b>97%</b>	<b>878</b>	<b>61%</b>	<b>318</b>	<b>73%</b>	<b>841</b>	<b>57%</b>	<b>3009</b>	<b>62%</b>
<b>Currently Receiving Counseling</b>	<b>484</b>	<b>43%</b>	<b>9</b>	<b>3%</b>	<b>566</b>	<b>39%</b>	<b>119</b>	<b>27%</b>	<b>637</b>	<b>43%</b>	<b>1815</b>	<b>38%</b>
<b>Total Clients Seen</b>	<b>1132</b>	<b>100%</b>	<b>333</b>	<b>100%</b>	<b>1444</b>	<b>100%</b>	<b>437</b>	<b>100%</b>	<b>1478</b>	<b>100%</b>	<b>4824</b>	<b>100%</b>

**C: 2011 Cuyahoga County Foreclosure Prevention Program Service Delivery Partners: Counseling Agencies**

**Cleveland Housing Network (CHN)** - The mission of CHN is to develop affordable housing for low- and moderate-income Clevelanders, with a special emphasis on generating pathways out of poverty and providing homeownership opportunities. In partnership with our 16 constituent community development corporations, CHN implements a strategic set of programs and services to accomplish its mission—primarily the large-scale production of superior quality, affordable homes and the provision of a broad array of training and counseling services that enable families to escape poverty, build wealth, and become homeowners. CHN provides resident services, lease purchase program, family services, Homeward Homes homebuyer program, energy and water conservation program, real estate development and its community training and technology center which houses its foreclosure prevention program.



**Community Housing Solutions (CHS)** – Formerly known as Lutheran Housing Corporation, the mission of CHS is to assist low and moderate income families obtain and maintain safe, decent, and affordable housing. CHS provides both pre-purchase and foreclosure prevention counseling. CHS has 6 housing counselors and one housing counseling secretary. In addition to housing counseling, CHS provides tool loan and home maintenance training, minor home repair, energy conservation and new housing construction services.



**Empowering and Strengthening Ohio's People (ESOP)** - Empowering and Strengthening Ohio's People (ESOP) is a non-profit HUD-approved housing counseling agency. Our main focus is to stabilize and strengthen communities – stabilize through foreclosure prevention programs and strengthen by developing local leaders and organizing area residents around important issues affecting their neighborhoods. ESOP engages in direct action community organizing and foreclosure prevention advocacy. ESOP uses a Hot Spot Card process, through which homeowners complete documentation and provide

financial information relevant to their case, and have the opportunity to make suggestions to the lender for a resolution. ESOP has ten offices across Ohio committed to helping urban, suburban and rural homeowners.



**Home Repair Resource Center** – Home Repair Resource Center’s mission is accomplished through a creative mix of self-help programs that include financial assistance, education and skills training to enable homeowners – particularly homeowners of low or moderate income – to accomplish repairs on a contracted or do-self basis. Home Repair Resource Center offers financial assistance for home repairs, counseling & financial education, foreclosure interview, repair and education programs, and educational resources. HHRC is a HUD-approved counseling agency that serves all Ohio residents. It employs two full-time housing counselors.



**Neighborhood Housing Services of Cleveland - Neighborhood Housing Services of Greater Cleveland (NHSGC)** is a not-for-profit, community development corporation incorporated in July 1975 as one of the charter organizations of NeighborWorks® America. The mission statement for NHSGC is to provide ongoing programs and services for achieving, preserving and sustaining the American dream of homeownership. NHSGC’s programs include HomeOwnership Promotion - educational classes and loans for people interested in becoming homeowners and HomeOwnership Preservation - loan products, post-purchase counseling, foreclosure assistance to those occupants who are interested in maintaining and preserving not only the physical structure of the home, but also the ability to keep ownership. Counseling services are required in order to access any NHSGC program. In the pre-purchase curriculum, NHSGC staff work with individuals to secure better credit and become “mortgage ready”. Post-purchase counseling includes home maintenance, interior design and budgeting classes. NHSGC currently has 6 full time housing counselors that serve residents of Cuyahoga, Lorain, Huron, Erie, and Medina Counties.

## D: Overview of Other Foreclosure Prevention Programs

In addition to the CCFPP, participating agencies have a number of federal and state programs to help homeowners facing foreclosure. These other programs do not fall within the scope of work for the evaluation but they are relevant to the discussion. Brief program descriptions follow.

**The Making Home Affordable Program** was launched in 2009 by the administration to catalyze the mortgage industry to provide affordable and sustainable assistance to homeowners to prevent foreclosure. It is part of a broader plan to stabilize the housing market. The program has two components, a loan modification program (Home Affordable Modification Program, or HAMP) and a refinance program (Home Affordable Refinance Program, or HARP). Since its launch, the Making Home Affordable Program has been expanded to offer assistance to homeowners with second liens or who are struggling because they are unemployed or “underwater” (owe more on their home than it is currently worth). Making Home Affordable also includes the Home Affordable Foreclosure Alternatives Program (HAFA) to streamline the process for homeowners seeking a short sale or deed-in-lieu of foreclosure. (U.S. Department of Treasury web site).

According to a 2010 report by the Community Development Department of the Federal Reserve Bank of Cleveland, “these programs are addressing only a small part of the delinquency problem. Nationwide, as of the first quarter of 2010, less than 30 percent of seriously delinquent loans (60 days or more delinquent) were eligible for a modification under HAMP. By June 2010, the HAMP program reported that about 24 percent of eligible delinquent loans in the US were in trial or permanent modification.<sup>13</sup>” In the Cleveland-Elyria-Mentor metropolitan statistical area, as of December 2011, 9,853 trial modifications were started, resulting in 4,228 (43%) active permanent modifications.

**The National Foreclosure Mitigation Counseling (NFMC) Program** was launched in December 2007 with funds appropriated by Congress to address the nationwide foreclosure crisis by dramatically increasing the availability of housing counseling for families at risk of foreclosure.

The Urban Institute recently completed a three-year evaluation of Rounds 1 and 2 of the National Foreclosure Mitigation Counseling (NFMC) program. Using a representative NFMC sample of 180,000 loans and a comparison non-NFMC sample of 155,000 loans, the Urban Institute was able to employ robust statistical techniques to isolate the impact of NFMC counseling on loan performance through December 2010.

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<sup>13</sup> Richter, Francisca, Lisa Nelson, and Youngme Seo, “A Look Behind the Numbers: Mortgage Delinquencies in Ohio: Are Loan Modifications Stemming the Tide?”, Community Development Department of the Federal Reserve Bank of Cleveland, volume 3, Issue 1.



The final evaluation of Rounds 1 and 2 conducted by Urban Institute demonstrated positive effects for homeowners participating in the NFMC program. Counseled homeowners were more likely to receive better loan modifications, cure a serious delinquency or foreclosure and stay current, and avoid a foreclosure completion altogether.

- Counseling greatly increased the ability of homeowners to stay current once they cured a serious delinquency or foreclosure. Counseled homeowners were at least 67% more likely to remain current on their mortgage nine months after receiving a loan modification cure. A small part of this effect is attributable to the impact of counseling on the size of monthly payment reductions. However, a significant part is attributable to other positive impacts of counseling, such as helping homeowners improve their financial management skills and assisting them in managing relationships with servicers.
- NFMC counseling made it more likely that homeowners would receive a loan modification cure in the first place – increasing by at least 89% the relative odds of modification cures for counseled homeowners compared to non-counseled ones. HAMP amplified this positive effect. In the period before HAMP, 8% of homeowners receiving counseling assistance had modification cures, compared to 5% who did not receive counseling. Post-HAMP, 17% of homeowners receiving counseling assistance had modification cures, compared to 9% without.
- An independent third-party evaluation of NFMC Program outcomes (through 2010) conducted by the Urban Institute found that:
  - NFMC clients who received loan modifications reduced their monthly mortgage payments by, on average, \$267 more than they would have without NFMC counseling – which represents more than \$560 million in annual savings to NFMC-counseled homeowners.
  - Counseled homeowners were 1.7 times more likely to mitigate a serious delinquency or foreclosure action than if they had not received NFMC counseling.
  - Homeowners who obtained a loan modification that allowed them to cure an existing serious delinquency or in-progress foreclosure were much more likely to remain current on their mortgage if their loan modification was obtained with help from NFMC Program counseling than homeowners in similar situations who did not receive NFMC counseling.
- Counseled homeowners received loan modifications resulting in a monthly payment that was \$176 less, on average, than non-counseled borrowers – a savings of close to \$2,100 a year. This savings was achieved on loans modified either before or after HAMP was implemented.
- As of June 2011 In a little more than three years, the National Foreclosure Mitigation Counseling (NFMC) Program has served 1.2 million at-risk homeowners across the country and helped to strengthen the nation’s foreclosure counseling capacity.
- Since December 2007, Congress has made five appropriations totaling \$539.87 million to fund the NFMC Program. NeighborWorks® America (as authorized by the Neighborhood Reinvestment Corporation Act, 42 U.S.C. 8101-8107) was appointed to administer the NFMC Program, and submits this report to Congress to provide an update on its status.

### *Funding Summary*

- As of June 30, 2011, NeighborWorks has awarded \$508.4 million in grants to 179 HUD-approved housing counseling intermediaries, state housing finance agencies, and NeighborWorks organizations to fund foreclosure counseling and legal assistance to at-risk homeowners. Grant awards include:
  - \$483.3 million for foreclosure mitigation counseling services
  - \$25.1 million for legal assistance to homeowners

Congress has also allocated \$19 million to be used by NeighborWorks

National Foreclosure Mitigation Counseling Program Congressional Update *Program administered by NeighborWorks® America* September 13, 2011

### **Restoring Stability**

In February 2010, the U.S. Department of the Treasury announced a new program to provide targeted aid to families facing foreclosure in states hit hard by the economic and housing market downturn. The program, called the Hardest Hit Fund, was intended to assist states struggling with high unemployment rates or steep home price declines.



**888.404.4674**  
[www.savethedream.ohio.gov](http://www.savethedream.ohio.gov)

Funded by The Ohio  
Hardest-Hit Fund



Ohio is one of 19 states to receive these funds, but Ohio was funded in the second round in August 2010. Ohio's share is \$570 million. Each state designed its own program. Programs were permitted to include the following:

- Mortgage payment assistance for unemployed or underemployed homeowners
- Principal reduction to help homeowners get into more affordable mortgages
- Funding to eliminate homeowners' second lien loans
- Help for homeowners who are transitioning out of their homes and into more affordable places of residence.

Ohio's program, called *Restoring Stability: A Save the Dream Ohio Initiative*, was one of the first programs in the nation to launch. According to the Ohio Housing Finance Agency (OHFA), which administers the program, it aims to assist 46,000 homeowners who have experienced a financial hardship and are currently at-risk of mortgage loan default or foreclosure. The program may be able to help homeowners who have previously not qualified for other existing

loan modification and foreclosure prevention programs because of loss of income or extended unemployment.

Restoring Stability has four components:

1. Rescue Payment Assistance provides a payment to a qualified homeowner's mortgage servicer to help bring the homeowner current on his or her delinquent mortgage;
2. Partial Mortgage Payment Assistance provides partial mortgage payments while unemployed homeowners search for a job or participate in job training;
3. Modification Assistance with Principal Reduction provides a payment incentive to mortgage servicers to reduce mortgage principal to the level necessary to achieve a loan modification and affordable monthly mortgage payments; and
4. Transitional Assistance provides homeowners who cannot sustain homeownership with an alternative to foreclosure by offering an incentive to mortgage servicers to complete short sales and deed-in-lieu agreements.

Restoring Stability began accepting applications on September 27, 2010. All of the Cuyahoga County Foreclosure Prevention agencies participate in the program. They receive referrals from and complete applications to Restoring Stability.

In September 2011, celebrating its one year anniversary, Restoring Stability released information on those Ohio homeowners the program had helped to that date. It reported that the Agency had assisted 2,913 Ohio homeowners at risk of mortgage loan default or foreclosure with 73 percent of those homeowners currently unemployed and unable to qualify for most other loan modification and foreclosure prevention programs. Those helped received assistance totaling \$23,362,921 (Ohio Housing Finance Agency, New Release September, 27, 2011, <http://www.ohiohome.org/newsreleases/rlsRestoringStabilityOne.aspx>).



